

RELATED PARTY TRANSACTION POLICY OF Navi Finserv Limited

(Formerly known as Chaitanya Rural Intermediation Development Services Private Limited)



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Approved by	Board of Directors

Related Party Transaction Policy

PURPOSE OF THIS POLICY

Navi Finserv Limited (“**Navi**” or “**Company**”) is governed, amongst others, by the rules and regulations framed by Securities Exchange Board of India (“**SEBI**”). SEBI has mandated every listed company to formulate a policy on materiality of Related Party Transactions and on dealing with Related Party Transactions.

Accordingly, the Company has formulated this policy (“**Policy**”) on materiality of Related Party Transactions and on dealing with Related Party Transactions. This Policy regulates all transactions between the Company and its Related Parties (as defined below). This Policy is framed as per requirement of the Companies Act, 2013 as amended and the rules framed thereunder (“**Act**”) and Regulation 23 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended (“**SEBI Listing Regulations**”) require the companies to have enhanced transparency and due process for approval of the Related Party Transactions.

A transaction with a Related Party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten (10) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. Notwithstanding the above, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five (5) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

The Board of Directors of the Company (“**Board**”) on recommendation of the Audit Committee of the Company (“**Audit Committee**”) shall review the Policy once in three years and may amend the same from time to time.

DEFINITIONS

“**Associate Company**”, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

“**Audit Committee**” means a committee of the Board of Directors of the Company constituted under provisions of the Act and SEBI Listing Regulations.

“**Board**” shall mean Board of Directors of the Company.

“**Key Managerial Personnel**” as defined under the Companies Act, 2013 means:

- (a) the Chairman and Managing Director;
- (b) the Company Secretary (CS);
- (c) the Whole-time Director (WTD);
- (d) the Chief Financial Officer (CFO);
- (e) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and

(f) such other officer as may be prescribed.

“Related Party” derives its definition from applicable clauses of Act, Listing Regulations and Indian Accounting Standards as amended from time to time.

“Relative” means a relative as defined in Section 2(77) of the Companies Act;

“Related Party Transactions” means the transactions as mentioned in the Act and Listing Regulations;

“Material Modification in Related Party Transaction” means any modification related to change in price, tenure, delivery schedule, non-statutory obligations, terms and conditions or short closure of any contract or arrangement with related party.

“Material Related Party Transactions” Following transactions with a Related Party shall be construed as Material Related Party Transactions:

Sr. No.	Transaction or contract or arrangements for	Limits
1.	Sale, purchases or supply of any goods or materials, directly or through appointment of agent	Amounting to Rupees 1000 Crore or 10% of the turnover of the Company, whichever is lower. Explanation: The above limit is applicable for the transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
2.	Leasing of property of any kind	
3.	Availing or rendering of any services, directly or through appointment of agent	
4.	Selling or otherwise disposing of, or buying property of any kind, directly or through appointment of agent	Amounting to Rupees 1000 Crore or 10% of the net worth or 10% of the turnover of the Company, whichever is lower. Explanation: The above limit is applicable for the transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
5.	Appointment of a Related Party to any office or place of profit in the Company, its Subsidiary Company or Associate Company	Where monthly remuneration exceeds INR 2,50,000.

6.	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company	For amount exceeding 1% of NetWorth of the Company.
7.	A transaction involving payments made to a related party with respect to brand usage or royalty	Amounting to Rupees 500 Crore or 5% of the annual consolidated turnover of the Company, whichever is lower. Explanation: The above limit is applicable for the transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
Annual turnover and net worth referred above shall be computed as per audited financial statements for the preceding financial year.		

“Subsidiary Company” shall have the same meaning as specified under section 2(87) of the Companies Act, 2013.

“Turnover” shall have the same meaning as specified under section 2(91) of the Companies Act, 2013.

“Wholly Owned Subsidiary” When a company holds 100% of shares of another company, the other company is called a Wholly Owned Subsidiary of the company who has made 100% investment in it.

All terms not defined herein shall have the meaning ascribed to them under the SEBI Listing Regulations and if not provided therein, under the Act.

IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

- (i) Each Director / Key Managerial Personnel is responsible for providing written notice to the Compliance Officer of any potential Related Party Transaction involving him or his relatives, including any additional information about the transaction that the Compliance Officer may reasonably request. The Compliance Officer, in consultation with other members of management and with the Audit Committee, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.
- (ii) Every Director / Key Managerial Personnel of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such discussion.
- (iii) Where any Director / Key Managerial Personnel, who is not so concerned or interested at the

time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, shall disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

- (iv) A contract or arrangement entered into by the Company without disclosure or with participation by a Director / Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.
- (v) The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Compliance Officer has adequate time to obtain and review information about the proposed transaction and other matters incidental thereto and to refer it to the appropriate authority for approval.
- (vi) Any Director / Key Managerial Personnel who has been convicted of the offence dealing with Related Party Transactions at any time during the last preceding five years shall be disqualified for appointment as Director / Key Managerial Personnel, as the case may be.

REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

Approval of Related Party Transactions

- (i) Audit Committee
 - a) All the transactions which are identified as Related Party Transactions should be pre-approved by the Audit Committee. The Audit Committee shall consider all relevant and material factors while deliberating on the Related Party Transactions for its approval.
 - b) Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board or of shareholders as discussed subsequently.
 - c) The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23(3) of the SEBI Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
 - d) The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.
 - e) A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed

before the Audit Committee for approval.

(ii) Board of Directors

- a) In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

(iii) Shareholders

- a) If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the SEBI Listing Regulations, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Act, it shall require shareholders' approval by a special resolution. In such a case, any member of the Company who is a Related Party, shall not vote on resolution passed for approving such Related Party Transaction.
- (iv) The provisions of regulation 23(2), (3) and (4) of the SEBI Listing Regulations shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- (v) In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the Company would obtain post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/ regulations.

Reporting of Related Party Transactions

- (i) Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering such contract or arrangement
- (ii) The details of all transactions with Related Parties shall be submitted on a consolidated basis, within 30 days from the date of publication of its standalone and consolidated financial results for the half year, in the format specified in the relevant accounting standards, half yearly to the stock exchanges and the same shall be published on the Company's website.

APPROVAL OF RELATED PARTY TRANSACTIONS

All Related Party Transactions shall require approval of the Audit Committee as per the provisions of Section 177 of the Companies Act and the rules made thereunder and Regulation 23 of the SEBI Listing Regulation. Only those members of the Audit Committee, who are Independent

Directors shall approve Related Party Transactions.

Every contract or arrangement entered into with a related party shall be referred to in the Board's report to the Shareholders along with the justification for entering into such contract or arrangement.

If prior approval of the Audit Committee/ Board/ Shareholders for entering into a Related Party Transactions is not feasible owing to paucity of time and also other administrative inconvenience, then such Related Party Transactions shall be recommended by the Audit Committee for approval to the Board/ Shareholders, if required, within 3 months of entering into the Related Party Transaction.

In any case where either the Audit Committee/ Board/ Shareholders determines not to approve a Related Party Transaction that has been commenced without prior approval, the Committee or Board or Shareholders, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation of the transactions, or modification of the transaction to make it acceptable for approval. If the contract or arrangement is with a Related Party to any Director, or is authorised by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by it.

LIMITATION, AMENDMENT AND EFFECTIVE DATE

In the event of any conflict between the provisions of this Policy and of the Act or SEBI Listing Regulations or any other statutory enactments, rules, the provisions of such Act or SEBI Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the SEBI Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

DISCLOSURES OF RELATED PARTY TRANSACTIONS

The Company shall disclose this Policy wherever it is required by applicable law.

The Company shall also make relevant disclosures in its Annual Report and maintain such registers as required under the provisions of the Companies Act, 2013, and Rules made thereunder.