

CORPORATE GOVERNANCE POLICY
OF
NAVI FINSERV LIMITED
(Formerly Known as Navi Finserv Private Limited)



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Policy owner	CEO
Approved by	Board of Directors
Signature	Sd/-

A. BACKGROUND

The Corporate Governance Policy (**'Policy'**) provides the framework under which the Board of Directors (**'Board'**) of Navi Finserv Limited (**'Company'** or **'NFL'**) operate. It includes the Company's corporate structure, culture, policies and the manner in which it deals with various stakeholders.

The Policy has been aligned with the Companies Act, 2013 (**'Companies Act'**), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**'SEBI Listing Regulations'**) and the provisions of Corporate Governance guidelines as stipulated by the Master Direction – Non Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by RBI vide its Circular No. DNBR. PD. 008/03.10.119/2016-17 dated 1 September 2016 as amended.

B. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate governance involves balancing the interests of a Company's stakeholders including its shareholders, the management, customers, suppliers, financiers, regulators and the community. It is a set of systems, rules and practices to ensure that the affairs of a Company are being managed in a way which ensures accountability, transparency, financial probity and fairness in all transactions. By adopting high standards of corporate governance, a Company can constantly improve sustainable value creation. The Company strives to reach this goal by keeping responsible financing, ethical values, accountability, equity and transparency as the cornerstones in all its dealings with its customers, lenders, investors and employees.

The Board of Directors of the Company (the **'Board'**) are at the core of the Company's corporate governance practice, formulating, directing, and overseeing how the Company, its management and all employees adhere to corporate governance norms and serve and protect the long-term interests of all stakeholders. The Company believes that, with the active participation of Directors, an active and well-informed Board shall ensure the highest standards of corporate governance.

C. CORPORATE GOVERNANCE STRUCTURE

BOARD

The Board shall be responsible for exercising its judgment to act in the best interests of the Company and its stakeholders. The Board consists of professionals from varied disciplines and the day-to-day management of the affairs of the Company is entrusted with the senior management personnel. The rights, roles, responsibilities, liabilities, obligations, functions, and duties of the Board shall be as per the provisions of the Companies Act, 2013 (the **'Act'**) as amended from time to time.

The Independent Director shall abide by the Code of Conduct for Independent Director as mentioned in Schedule IV of the Act. In discharging their duties, the Directors shall comply with the Code of Conduct

as adopted by the Board. All the Directors shall make the necessary annual disclosure regarding their directorships, shareholding and Committee positions and shall intimate changes as and when they take place.

FIT AND PROPER CRITERIA FOR DIRECTORS

The Company will, on the appointment of Directors and on a continuing basis, ensure that the Directors adhere to the standards of fit and proper criteria as outlined in the RBI Regulations and the Company's Board approved 'Fit and Proper Criteria Policy' adopted on December 3, 2018, as amended from time to time. The Company shall furnish to RBI, a quarterly statement on change of directors, and a certificate that fit and proper criteria in selection of the directors has been followed. The statement must reach the Regional Office of the Department of Supervision of the Bank where the company is registered, within 15 days of the close of the respective quarter. The statement submitted by applicable NBFC for the quarter ending March 31, shall be certified by the auditors

COMPOSITION OF THE BOARD

The composition of the Board shall be in line with the Articles of Association('AOA'), Companies Act, 2013 and all other applicable laws as amended from time to time. The Board shall have an optimum combination of Executive, Non-Executive and Independent Directors in line with the requirements of applicable law.

MEETINGS OF THE BOARD

Meetings of the Board of Directors shall be held at least four times a year, with a maximum time gap of not more than one hundred and twenty days between any two consecutive meetings. The minimum information to be statutorily made available to the Board, pursuant to the applicable guidelines, Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') shall be furnished to the Directors.

COMMITTEES OF THE BOARD

The Committees constituted by the Board are as follows:

AUDIT COMMITTEE('AC')

The Audit Committee shall consist of not less than two-third members as Independent Directors with the Chairman also being an independent Director. The Committee shall meet at least four times a year, with a maximum time gap of not more than one hundred and twenty days between any two meetings. The quorum for the meeting shall either be two members or one third of the members of the Audit Committee, whichever is greater, with at least two Independent Directors. The Audit Committee shall

be governed by the provisions of the Act, SEBI Listing Regulations, RBI guidelines and terms of reference of the Committee.

NOMINATION AND REMUNERATION COMMITTEE ('NRC')

The NRC shall consist of at least three non-executive directors with not less than two-third being independent directors including the Chairperson. The NRC shall meet at least once in a year. The quorum for a meeting shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance. The NRC shall be governed by the provisions of the Act, SEBI Listing Regulations, RBI guidelines and terms of reference of the NRC.

STAKEHOLDERS MANAGEMENT COMMITTEE ('SRC')

The SRC to look into various aspects of interest of shareholders, debenture holders and other security holders. The SRC shall consist of not less than three directors, with at least one Independent Director and Chairman being a Non-executive director. The Committee shall meet at least once in a year. The SRC shall be governed by the provisions of the Act, SEBI Listing Regulations and terms of reference of the SRC.

RISK MANAGEMENT COMMITTEE ('RMC')

The RMC shall have a minimum of three members with majority of them being members of the Board ,including at least one Independent Director. The Chairperson of the Risk management committee shall be a member of the Board and senior executives of the listed entity may be members of the committee. The Committee shall meet at least twice a year and not more than one hundred and eighty days shall elapse between any two consecutive meetings. The quorum for a meeting of the Committee shall be either two members or one third of the members of the Committee, whichever is higher, including at least one member of the Board in attendance. The Committee shall be governed by the provisions of the Act, SEBI Listing Regulations, RBI guidelines and terms of reference of the Committee.

CORPORATE SOCIAL RESPONSIBILITY ('CSR') COMMITTEE

The CSR Committee shall have three or more Directors, out of which at least one director shall be an Independent Director. The CSR shall formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company.

ASSET LIABILITY MANAGEMENT COMMITTEE ('ALCO')

The ALCO shall consist of the Company's top management and shall be responsible for ensuring adherence to the risk tolerance/ limits set by the Board as well as implementing the liquidity risk management strategy of the Company. The CEO or Managing Director or an Executive Director shall head the Committee. In addition, the Board may constitute such other Committees in line with the best practices and operational requirements, from time to time.

IT STRATEGY COMMITTEE ('ITSC')

The Company shall constitute an IT Strategy Committee, as required under the RBI Master Direction - Information Technology Framework for the NBFC Sector. The chairperson of the ITSC shall be an Independent Director and the ITSC shall meet at an appropriate frequency as prescribed.

FINANCE COMMITTEE ('FC')

The FC shall consist of a minimum of 2 (two) members as approved by the Board. The Finance Committee shall meet as and when necessary, by giving a notice to the members of the Committee along with agenda and supporting documents for the meetings. The quorum for the meetings of the FC shall be 2 (two) members of the Finance Committee.

DEBENTURE COMMITTEE ('DC')

The DC shall consist of a minimum of 2 (two) members as approved by the Board. The Debenture Committee shall meet as and when necessary, by giving a notice to the members of the Committee along with agenda and supporting documents for the meetings. The quorum for the meetings of the DC shall be 2 (two) members of the Debenture Committee.

VIGIL MECHANISM

The Company shall formulate a vigil mechanism / whistle blower policy to enable directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of Company's Code of Conduct. The vigil mechanism / whistle blower policy shall provide a mechanism for an individual to report violations without fear of victimisation. The policy shall be hosted on the website of the Company.

D. DISCLOSURE AND TRANSPARENCY

The Company will make disclosures as required under the Companies Act, 2013 and rules framed thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and such other laws that may be applicable to the Company, from time to time. The Board will ensure that all disclosures statutorily required to be made on behalf of the

Company are duly made to the relevant authorities or such other persons as may be required under applicable laws or regulations.

The Company will put up to the Board, at regular intervals, the following information:

- a. the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company;
- b. conformity with corporate governance standards viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.;
- c. committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.;
- d. updates of the various committees' meetings from time to time;
- e. disclosures in the Annual Financial Statements information as may be prescribed under the RBI Guidelines from time to time; and
- f. any other information as may be required by the Board to disclose.

The Company will disclose the following information in its annual financial statements:

- a. registration/license/authorisation, by whatever name called, obtained from other financial sector regulators;
- b. ratings assigned by credit rating agencies and migration of ratings during the year;
- c. penalties, if any, levied by any regulator;
- d. information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries;
- e. asset-liability profile, extent of financing of parent company products, NPAs and movement of NPAs, details of all off-balance sheet exposures, structured products issued by the Company as also securitization/ assignment transactions and other disclosures as prescribed under the Master Circular; and
- f. any other information as may be required under the law in force.

E. APPOINTMENT AND ROTATION OF PARTNERS OF THE STATUTORY AUDITORS AUDIT FIRM

The Company shall rotate the partner/s of the Chartered Accountant firm conducting the audit every three years so that the same partner does not conduct an audit of the company continuously for more than a period of three years. However, the partner so rotated will be eligible for conducting the audit of the Company after an interval of three years, if the Company so decides. These terms shall be incorporated appropriately in the letter of appointment of the firm of auditors.