

**POLICY ON  
MATERIALITY OF  
RELATED PARTY TRANSACTIONS  
AND ON DEALING WITH  
RELATED PARTY TRANSACTIONS**

## **(A) SCOPE AND OBJECTIVE**

This Policy is framed as per the requirement of the Companies Act, 2013 ('the Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

The Board of Directors (the 'Board') of Navin Fluorine International Limited (the 'Company') has adopted this Policy based on the recommendation of Audit Committee. This further amended Policy shall come into force from April 01, 2022.

This Policy is intended to ensure that there is proper disclosure, approval and reporting of Related Party Transactions.

## **(B) DEFINITIONS**

All the words and expressions used in this Policy shall have the same meaning as defined in the applicable laws and regulations including the Act and SEBI Listing Regulations, as amended from time to time.

## **(C) IDENTIFICATION OF RELATED PARTIES**

All Directors/Key Managerial Personnel (KMP) are required to disclose the entities in which they or their relatives are or deemed to be interested on an annual basis/any changes during the year. Each Director and KMP of the Company shall promptly notify the Company Secretary of any material transaction or Relationship that could reasonably be expected to give rise to any conflict of interest. The Company shall maintain records as may be prescribed under the Act. The Company shall regularly verify and update Related Party list.

## **(D) IDENTIFICATION OF RELATED PARTY TRANSACTIONS**

As a policy, Company shall periodically identify transactions falling under contracts and arrangements (as per the Applicable Law) entered into with related parties for the consent of the Audit Committee, Board of Directors and shareholders, as applicable.

The Company shall report the Related Party Transactions and put the same for necessary approvals required as per the Applicable law.

## **(E) REVIEW MECHANISM OF TRANSACTIONS WITH RELATED PARTIES**

For each category of transactions, the Company has framed guidelines explaining the steps to be followed to ascertain that the transactions falling under contracts and agreements with the related parties fulfil the 'arms length' and/or 'ordinary course of business' criteria. The Company while entering into related party transactions will ensure adherence with the framework guidelines and will maintain necessary documents for the same.

## **(F) APPROVALS FOR TRANSACTIONS WITH RELATED PARTIES**

Before undertaking any transaction, the Company shall determine whether a transaction does, in fact constitute a Related Party Transaction requiring compliance with the applicable law and this policy and if so, ascertain in which of the following categories such transaction should be classified in order to determine the approval requirements:

1. All transactions with related parties which are in ordinary course of business and are concluded at arm's length and subsequent Material Modifications thereof shall be entered into only after necessary approval of the Audit Committee as required under the applicable law. For the purpose of this Policy, the term "Material Modification" shall mean a modification to a Related Party Transaction, which individually or taken together with previous modifications pertaining to the same Related Party Transaction during a year, exceeds 10% of the approved amount for that transaction.
2. All transactions with related parties which are not in ordinary course of business or not as per arm's length pricing or both and subsequent Material Modifications thereof require prior approval of Audit Committee and subsequent approval of the Board in line with the applicable law.
3. In case the transaction exceeds the prescribed limits/threshold under the Act, such transaction shall also require approval of the shareholders. All Material Related Party Transactions in terms of Listing Regulations and subsequent Material Modifications thereof will be carried out only after prior approval from Shareholders.
4. In addition to the above, prior approval of Audit Committee shall be required where the Company is not a party to:
  - (a) A related party transaction to which the subsidiary of a Company is a party and the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company.
  - (b) A related party transaction to which the subsidiary of a Company is a party and the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the Company, effective from April 01, 2023.
5. The Audit Committee may grant omnibus approval to related party transactions that are repetitive in nature provided the Audit Committee is

satisfied about the need for such omnibus approval and that such approval is in the interest of the Company. Such omnibus approval shall specify:

- (a) name of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
- (b) the indicative base price/current contracted price and the formula for variation in the price, if any; and
- (c) such other conditions as the Audit Committee may deem fit.

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. One crore per transaction.

- 6. Audit Committee shall review on a quarterly basis the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- 7. Omnibus approval shall not be made for transactions regarding selling or disposing of the undertaking of the Company.
- 8. In an unforeseen event where a related party transaction is required to be entered into between two Audit Committee Meetings, for which omnibus approval has not been given by the Audit Committee, the Audit Committee may approve such transaction by passing a Resolution by circulation.
- 9. Only those members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions.
- 10. The Audit Committee shall review the status of long-term (more than one year) or recurring Related Party Transactions on an annual basis.
- 11. Ratification, if any, of a related party transaction after its commencement or completion will be approved by the Audit Committee in exceptional circumstances only. As long as any such transaction is brought to the Audit Committee for ratification as promptly and as reasonably practical, such transaction shall not be deemed to violate this policy or be invalid or unenforceable.

Where any contract or arrangement is entered into by a Director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under Section 188(1) of the Act and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or

arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and 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.

12. If any Member of the Audit Committee or the Board is interested in any contract or arrangement with a related party, such Member shall not be present at the respective Meetings during discussion on such subject matter.
13. Regulation 23 of the SEBI Listing Regulations requires a company to provide materiality thresholds for related party transactions. A transaction with a related party shall be considered material for the purpose of Regulation 23(4) of the SEBI Listing Regulations if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds Rs. 1000 Crore or 10% of the annual consolidated turnover of the Company as per last audited financial statements of the Company, whichever is lower. Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material for the purpose of Regulation 23(4) of the SEBI Listing Regulations if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds 5% of the annual consolidated turnover of the Company as per last audited financial statements of the Company.
14. While seeking the approval of the Audit Committee, Board or the Shareholders, all information that is relevant and necessary to the Related Party Transaction and as prescribed under the applicable laws or by the Audit Committee or the Board, shall be duly provided to the Audit Committee, Board or Shareholders, as the case may be.
15. Voting on related party transactions will be carried out in accordance with the Applicable Laws.

#### **(G) RELATED PARTY TRANSACTIONS INVOLVING WHOLLY OWNED SUBSIDIARY COMPANIES**

The Act and SEBI Listing Regulations exempt transactions entered into between the 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, from the requirement of shareholders' approval. Further, the exemption is extended by SEBI Listing Regulations to transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

## **(H) DISCLOSURES AND REPORTING**

Disclosures, as appropriate, concerning the Related Party Transactions or Material Related Party Transactions or both, shall be made (a) in the Annual Report of the Company including in Financial Statements, and/or (b) on the website of the Company, and/or (c) to the Stock Exchanges where equity shares of the Company are listed and to such other authority and in such manner of the Company as may be prescribed from time to time.

## **(I) AMENDMENTS TO THE POLICY**

The Audit Committee of the Company shall review and may recommend amendments to this policy from time to time for the approval of the Board of Directors of the Company. The policy shall be reviewed at least once in three years.

Any or all provisions of this policy would be subject to the amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

\*\*\*\*\*