

**AUTHOR INDEX:**

<b>Prepared By</b>	<b>Reviewed By</b>	<b>Approved By</b>
Mrs. Shreya Shetty <b>Deputy Company Secretary</b>	Mr. Deepak Goswami <b>Chief Financial Officer</b>  Mr. Sanjay Rawat <b>Chief Compliance Officer</b>	<b>Board of Directors</b>

**REVISION HISTORY:**

<b>Issue Date</b>	<b>Version No.</b>	<b>Revised Clause</b>
13-09-2019	1.0	Policy introduced
30-11-2021	1.1	Logo changed
20-12-2024	1.2	Policy has been refreshed with reference to relevant requirements pertaining to Related party Transactions as per RBI's "Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023" & Companies Act, 2013

**RELATED PARTY TRANSACTIONS POLICY**

The Board of Directors of the Company, considering it necessary for prudent corporate governance and in compliance with Company law, RBI Directions, SEBI requirements, Investment Agreement executed between the Company and its Shareholders, has adopted the following policy with regard to Related Party Transactions (as defined below).

**1. Background and Basis of the Policy**

- 1.1. This Policy aims to provide a broad framework to the Company for good corporate governance in matters concerning Related Party Transactions. This Policy sets out the process that must be adopted by the Company to give effect to a Related Party Transaction by the Company.
- 1.2. It shall be the general policy of the Company to avoid any conflicts of interest or entering into a Related Party Transaction. However, in case it is unavoidable to enter into a Related Party Transaction, the Company, its Board and its personnel shall ensure that the Company does so only according to the terms and procedures of this Policy.
- 1.3. Section 188 of the Act provides for certain transactions in which directors of the Company are interested to be specifically sanctioned by Board. The AS 18 also provides for a standard of disclosures to be made by a company concerning Related Party Transactions. Further, transfer pricing provisions contained in Sections 92 to 92F of the Income Tax Act, 1961 and Rules 10A to 10E of the Income Tax Rules, 1962 also require all international transactions between related parties to be on arm's length basis. Section 40A(2) of the Income Tax Act, 1961 also states that payments between related parties should not be excessive and unreasonable.
- 1.4. It is clarified that this Policy is meant to operate in addition to all applicable statutory compliances, obligations and liabilities, and does not seek to substitute them in any way. Related Party Transactions, which are limited to those described in this policy, shall be subject to the approval or ratification by the Board or the shareholders as the case maybe, in accordance with this Policy.

**2. Identification of Potential Related Party Transactions**

- 2.1. All Related Party Transactions will be brought to management's and the Board's attention in the manner specified in this Policy. Each of the directors

and executive officers is required and instructed to inform the Company Secretary of any potential Related Party Transactions. In addition, each director and executive officer will be required to complete a questionnaire on an annual basis designed to elicit information about any potential Related Party Transactions.

- 2.2. Any potential Related Party Transactions that are brought to the [Secretary's] attention may also be examined by the Company's Legal Department, in consultation with the Company's management and with outside counsel, if necessary and as may be appropriate, to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction requiring specific compliance with this Policy.

### 3. Review and Approval of Related Party Transactions

- 3.1. Every director shall at his first Board meeting disclose his concern or interest in any company, firm, body corporate or association of individuals which shall include his shareholding and thereafter in every first Board meeting and whenever there is any change in the disclosures made, disclose any such change at the first Board meeting thereafter.
- 3.2. At each of its meetings, the Board will be provided with the details of each new, existing or proposed Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, and the benefits to the Company and to the relevant Related Party. In determining whether to approve a Related Party Transaction, the Board will consider, among other factors, the following factors to the extent relevant to the Related Party Transaction:
- whether the terms of the Related Party Transaction are fair to the Company and on the same basis as would apply if the transaction did not involve a Related Party;
  - whether there are business reasons for the Company to enter into the Related Party Transaction;
  - whether the Related Party Transaction would impair the independence of an outside director; and
  - whether the Related Party Transaction would present an improper conflict of interests for any director or executive officer of the Company, taking into account the size of the transaction, the overall financial position of the director, executive officer or Related Party, the direct or indirect nature of the director's, executive officer's or Related Party's interest in the transaction and the ongoing nature of any proposed relationship, and any other factors the Board deems relevant.

- 3.3. Any member of the Board who has an interest in the transaction under discussion will abstain from voting on the approval of the Related Party Transaction, but may, if so requested by the Chairperson of the Board, participate in some or all of the Board's discussions of the Related Party Transaction. Upon completion of its review of the transaction, the Board may determine to permit the Related Party Transaction by giving its consent through a resolution. However, the Company shall take consent of the shareholders in a general meeting through a special resolution in all instances where so required under the Act. No shareholder who is a related party shall be allowed to vote in such general meeting if the shareholder is a Related Party.
- 3.4. A Related Party Transaction entered into without pre-approval of the Board or the shareholders as the case may be shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Board or shareholders depending on the case, for ratification within 3 (three) months of the transaction being entered into. Such contracts shall be voidable at the option of the Board and in case the transaction is with a Related Party of a director or authorised by any director, then such director shall indemnify the company for any loss incurred through such transaction. If the Board declines to approve or ratify any Related Party Transaction, the directors on the Board who are not interested in such Related Party Transaction may determine whether the relevant Transaction should be terminated or amended to make it acceptable to the Board.
- 3.5. The Board of the Company shall in its report to the shareholders justify the reason for entering into a Related Party Transaction including material Related Party Transactions Board shall periodically review this Policy and make changes as appropriate.
- 3.6. The Company shall disclose its Related Party Transactions in the Annual Report, as required under RBI – Scale Based Regulations, in the format given as **Annexure A**.
4. Breach of Policy
- The Company Secretary must report all possible violations of this Policy to the Board. Reprisal, threat, retribution or retaliation against any person who has, in good faith, reported a violation of this Policy or against any person who is assisting in any investigation or process with respect to such a violation is prohibited. Any personnel who breaches this Policy

shall be subject to disciplinary action by the Company which may include termination of employment or of business relationship at the sole discretion of the Company. Where the Company has suffered a loss, it may pursue its remedies against the individuals or entities responsible. Where laws have been violated, the Company will cooperate fully with the appropriate authorities.

#### 5. Restrictions on Loans to Directors & Senior Officers

The Restrictions on Loans to Directors & Senior Officers as per “Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023” has been covered under the Credit Policy i.e. “General Guidelines” of the Company

#### 6. Other provisions

##### Related Party Transactions

- i. Details of all material transactions with related parties shall be disclosed in the Annual Report.
- ii. The Company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report

## DEFINITIONS

Capitalized terms used but not defined herein shall have the same meaning as ascribed to them elsewhere in this Policy. In this Policy, following terms shall have following meanings:

“**Act**” shall mean the Companies Act, 2013 or any statutory amendment or replacement thereof;

“**AS 18**” shall mean the Accounting Standards (AS) 18 adopted by the Institute of Chartered Accountants of India;

“**Board**” shall mean the board of directors of the Company;

“**Control**” shall mean (i) ownership, directly or indirectly, of more than one half of the voting power of an enterprise, or (ii) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise, or (iii) a substantial interest in voting power and the power to direct, by statute or

agreement, the financial and/or operating policies of the enterprise;

**“Related party”**, shall include all related parties as per the applicable accounting standards and shall also include following related parties as defined under Section 2(76) of the Companies Act, 2013

- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director or manager is a director and holds along with his relatives, more than two percent of its paid-up share capital;
- (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

2. At a minimum, Key Management Personal (KMPs) shall include following key managerial personnel as per section 2(51) of the Companies Act, 2013.

- (i) the Chief Executive Officer or the managing director or the manager
- (ii) the company secretary
- (iii) the whole-time director
- (iv) the Chief Financial Officer
- (v) 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
- (vi) such other officer as may be prescribed

3. Relatives of KMPs at the minimum, shall include following relatives as defined under section 2(77) of the Companies Act, 2013 and Rule 4 of the Companies (Specification of definitions details) Rules, 2014.

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to the other in such manner as may be prescribed; A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-
  - (i) Father; Provided that the term “Father” includes step-father.
  - (ii) Mother: Provided that the term “Mother” includes the step-mother.
  - (iii) Son: Provided that the term “Son” includes the step-son.

- (iv) Son's wife.
- (v) Daughter.
- (vi) Daughter's husband.
- (vii) Brother: Provided that the term "Brother" includes the step-brother;
- (viii) Sister: Provided that the term "Sister" includes the step-sister.

"body corporate" means which is :

- a) a holding, subsidiary or an associate company of such company;
- b) a subsidiary of a holding company to which it is also a subsidiary; or
- c) an investing company or the venturer of a company.

**"Transaction"** shall mean a transfer of resources or obligations between parties, regardless of whether or not a price is charged.

**"Related Party Transaction"** shall mean a Transaction in which the Company was, is, or proposes to be a party and in which a Related Party had, has, or is expected to have a direct or indirect material interest, as may be determined by the Company. A "Related Party Transaction" also includes any material amendment or modification to an existing Related Party Transaction; and

**"Material Related Party Transaction"** means such transactions as provided in Section 188 of the Act entered into with a related party as defined under Section 2(76) of the Act that is not in the ordinary course of business or not at an arm's length basis and exceeds the threshold as specified in Rule 15 of Companies (Meetings of the Board and its Powers) Rules, 2015.

**Annexure A**

Related Party items	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Key Management @		Relative of Key Management Personnel @		Others*		Total	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous Year	Current year	Previous year
Borrowings#														
Deposits #														
Placeme nt of deposits #														
Advance s#														
Investme nts #														
Purchas e of fixed/ other assets														



Sale of fixed/other assets														
Interest paid														
Interest received														
Others*														

@Disclosures for directors and relatives of directors should be made separately in separate columns from other KMPs and relatives of other KMPs.

# The outstanding at the year end and the maximum during the year are to be disclosed

\* Specify item if total for the item is more than 5 percent of total related party transactions. Related parties would include trusts and other bodies in which the NBFC can directly or indirectly (through its related parties) exert control or significant influence.

INTERVAL