

# POLICY ON RELATED PARTY TRANSACTIONS

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Svamaan Financial Services Private Limited

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## 1. OBJECTIVE

This Policy will ensure that related party transactions of the company are carried out in a transparent manner i.e., in the ordinary course of business and on an arm's length basis as per the legal provisions.

This policy also aims at providing guidance in situations of potential conflict of interest and compliance with matters relating to related party transactions.

This policy has been framed to comply with the requirements of RBI master direction no. RBI/DNBR/2016-17/45 DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016, on NBFC-SI Non-Deposit taking Company and Deposit taking Company Directions, 2016. This policy will guide the Company to effectively comply with the provisions of Companies Act, 2013, accounting standards as issued by Institute of Chartered Accountants of India, Income tax Act and such other statutes as may be put in place, in relation to Corporate Governance and Related Party Transactions.

In order to comply with these requirements and as a good Corporate Governance practice, this policy on Related Party Transactions is adopted for implementation by the Board of Directors (the "Board") of Svamaan Financial Services Private Ltd. (the "Company").

## 2. SCOPE

This policy shall be applied in:

- a) Identifying related parties, updating, and maintaining the database of such persons/entities.
- b) Ascertaining that the transactions entered with the related parties are in 'ordinary course of business' and at 'arm's length bases.
- c) Identifying related party transactions.
- d) Obtaining approvals before entering into any related party transactions.
- e) Determining the disclosures / compliances to be adhered in relation to the related party transactions.

### 3. DEFINITIONS

- a. “Arm’s Length Transaction / Basis” means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- b. “Ordinary Course of Business” shall mean the usual transactions, customs and practices carried on generally by the Non-Banking Financial Companies and shall include:
  - i. Transactions covered in the main objects or the objects incidental to the attainment of the main objects as envisaged in the Memorandum and Articles of Association of the Company,
  - ii. Transactions which are usually carried on by any Non-Banking Financial Company,
  - iii. Transactions which has been done by the Company regularly in last three (3) years,
  - iv. Transactions done with a related party on a similar basis as of a third party,
  - v. A transaction or activity that is necessary, normal, regular, and incidental to the business and involves a significant amount of money or managerial resources that generates income for the Company.
- c. “Policy” means Related Party Transaction Policy.

### 4. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

#### 4.1 Approval of the Audit Committee:

(A) Every Related Party Transaction shall be subject to the prior approval of the Audit Committee. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company which are repetitive in nature and subject to such other conditions as it may consider necessary in line with this policy and in the interest of the Company.

- (i) The omnibus approval shall be valid for a period of one (1) financial year and shall require fresh approval after expiry of such financial year.
- (ii) The omnibus approval shall not be granted for transactions in respect of selling or disposing of the undertaking of the Company.

(iii) In determining whether to approve a Related Party Transaction, the Audit Committee shall consider (among other aspects as it deems relevant), if there are clearly demonstrable reasons from the Company's business point of view, to enter into a transaction with a Related Party.

(iv) The Audit Committee shall review, on a quarterly basis, the details of RPTs entered by the company pursuant to each of the omnibus approvals given.

(B) Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the related party transaction.

(C) Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of the Audit Committee:

(i) Any transaction that involves the providing of compensation to a Director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

(ii) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

(iii) Transaction(s) as listed below undertaken by the Independent Director with the Company or its holding, subsidiary, or associate company or their promoters or directors during the year:

- a) Transaction(s) done on an Ordinary Course of Business and at arm's length.
- b) Receipt of remuneration by way of sitting fees.
- c) Reimbursement of expenses for attending board and other meetings.
- d) Any profit-related commission as approved by members.

In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy, subject to compliance with the applicable legal provisions.

#### **4.2 Approval of the Board of Directors:**

(A) The following related party transactions shall be placed before the Board of Directors for approval, after the approval of the Audit Committee:

- (i) Related party transactions referred by the Audit Committee.
- (ii) Related party transactions **not** on arm's length basis, and/or.

- (iii) Related party transactions **not** in the ordinary course of business.
- (iv) Related party transactions that are mandated under any law to be approved by Board.

(B) The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose-

- (i) The name of the related party and the nature of relationship.
- (ii) The nature, duration of the contract and particulars of the contract or arrangement.
- (iii) The material terms of the contract or arrangement including the value, if any.
- (iv) Any advance paid or received for the contract or arrangement, if any.
- (v) The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract.

(C) Any Director interested in any contract or arrangement with a related party shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

#### **4.3 Approval of the Shareholders:**

(A) Any related party transaction which is not in the ordinary course of business and / or not on arm's length basis and crosses prescribed threshold limit for as per Companies Act, 2013 will require prior approval of the Shareholders.

(B) The explanatory statement to be annexed to the notice of a general meeting convened shall contain the following particulars namely:

- (i) Name of the related party
- (ii) Name of the director or key managerial personnel who is related, if any.
- (iii) Nature of relationship.
- (iv) Nature, material terms, monetary value and particulars of the contract or arrangement.
- (v) Any other information relevant or important for the members to take a decision on the proposed resolution.

The approval policy framework is given below:

<b>Audit Committee approval</b>	<b>Board approval</b>	<b>Shareholder's approval</b>
All related party transactions except items mentioned in 4.1 (c) above.	<p>Related party transactions referred by the Audit Committee for approval of the board.</p> <p>Related party transactions not in the ordinary course of business or not at arms lengths basis.</p>	Approval by ordinary / special resolution as required for the related party transactions that are not in the ordinary course of business and / or not at Arm's length basis and / or crosses prescribed threshold limit as per Companies Act, 2013.
	Related party transactions mandated under any law to be approved by the board.	

## **5. DECISION REGARDING TRANSACTIONS IN THE ORDINARY COURSE OF BUSINESS AND AT ARM'S LENGTH**

The Audit Committee or the Board shall after considering the transactions placed before them judge if the transaction is in the ordinary course of business and meets the arm's length requirements.

## **6. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

In the event the Company becomes aware of a transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding such Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this policy and shall take any such action as it deems appropriate.

In case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of such transaction.

In case the Company is not able to take prior approval from the Audit Committee, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

## **7. WEBSITE DISCLOSURE**

Appropriate disclosures as required by the Companies Act, 2013, Reserve Bank of India and other regulatory bodies as applicable will be made in the Annual Return and the Board's Report of the Company. This Policy shall be disclosed on the website of the Company.

## **8. REVIEW OF THE POLICY**

This Policy shall be reviewed by the Audit Committee as and when deem fit, in order to align with the ongoing regulatory and business requirements. The policy as reviewed by the Audit Committee shall be placed before the Board for its approval.

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