Poonawalla Fincorp Limited

To ensure that all transactions with Related Parties shall be subject to this policy and approval or ratification in accordance with Applicable Law.

Policy on Related Party Transactions

Version No 8

Contents

The Board of Directors (the "Board") of Poonawalla Fincorp Limited (the "Company") had originally adopted this Policy on Related Party Transactions ("Policy") as required in terms of the erstwhile Listing Agreement in its meeting held on November 06, 2014. Thereafter, the policy is updated as and when required to accommodate amendments introduced in the applicable laws.

EFFECTIVE DATE

This Policy is effective from the date of its adoption by the Board or such other date as may be prescribed by the Board. The Board may prescribe different effective date(s) for different provisions of this Policy.

SCOPE AND PURPOSE

The Companies Act, 2013 ("Act") read with the Rules framed thereunder and amendment thereto as well as Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendment thereto ("LODR Regulations") and Industry Standards on "Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions" ("ISN") (together referred to as "Applicable Law") contains detailed provisions on Related Party Transactions.

This Policy has been framed to align with the requirements of the Act and LODR Regulations along with ISN and is intended to ensure proper approval and reporting of related party transactions.

The Board recognizes that certain transactions present a heightened risk of conflicts of interest or the perception thereof. Therefore, any dealing with a related party/ related party transactions must be conducted in such a way that no preferential treatment is given, and adequate disclosures and/or permissions are made/ sought as required by law and as per the applicable policies of the Company. Therefore, pursuant to the provisions of Regulation 23(1) of LODR Regulations, the Board has adopted this Policy to ensure that all related party transactions shall be subject to this policy and approval, or ratification are in accordance with Applicable Law. This Policy contains the policies and procedures governing the identification, review, determination of materiality, approval and reporting of such Related Party Transactions.

DEFINITIONS

1. **"Applicable Laws"** means the Companies Act, 2013 (Act) and the rules made thereunder and amendment thereto, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations) and amendment thereto, applicable accounting standards issued by the Institute of Chartered Accountant of India, Industry Standards on "Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions" or any other legislative authority entrusted with the task of issuing such accounting standards and includes any other statute, law, standards, regulations, circulars or other governmental instruction relating to Related Party Transactions, as may be applicable to the Company and is in effect from time to time.

2. **"Associates"** means any entity which is an associate under sub-section (6) of section 2 of the Act or under the applicable accounting standards.

3. **"Audit Committee"** means a committee formed under section 177 of the Act read with Regulation 18 of the LODR Regulations.

4. **“Compliance Officer”** means the Company Secretary of the Company or such Compliance Officer identified by the Board for the purpose of LODR Regulations.

5. **"Holding company"** means a holding company as defined in sub-section (46) of section 2 of the Act.

6. **“Key Managerial Personnel”** in relation to the Company means:
   I. the Chief Executive Officer or the managing director or the manager;
   II. the Company Secretary;
   III. Whole-time Director;
   IV. the Chief Financial Officer
   V. The Compliance Officer under LODR Regulations
   VI. 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
   VII. such other officer as may be prescribed.

7. **“Material Related Party Transactions”** means such Related Party Transaction(s) the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds threshold as specified in Schedule XII of LODR Regulations or for transactions mentioned under section 188(1) of the Act, exceed the limits specified in Rule 15 of the Companies (Meeting of the Board and its Powers) Rules, 2014.

   Further, 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 percent** of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

8. **“Material modifications”** shall mean any modification made in the terms and conditions of any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee and/or shareholders, as the case may be, having a significant impact on the nature, value, tenure, exposure, or likely financial impact of such transaction, as may be determined by the Audit Committee from time to time.

   Provided that there shall be a rebuttable presumption that a modification is material, if such modification, together with previous modifications during a financial year, results into any of the following-
   - A variation in the value of the transaction/contract as originally approved, by 25%, or more.
   - The terms of the contract cease to be arms’ length.
   - Granting of any waiver, abatement or any other relief to either party, which results into a financial implication equal to 25% or more of the value of the contract.
   - Extension of tenure of the contract by 25% or more of the original tenure, or continuation of the contract or arrangement beyond the tenure originally agreed upon, except for completion of any residual performances.
   - Any modification which results into the claims of either party being subordinated, or relaxation of security interest:
     - Provided that giving any consent for cessation of pari passu charge or any other security interest, provided there is adequate asset cover, shall not be deemed as modification of contract
   - Any novation of the contract or arrangement to a third party.

Provided further that the following shall not be considered as material modification -

- modifications which may be mandated pursuant to change in law,
- modifications pursuant to and in accordance with the terms of the approved transaction/contract, whether with or without mutual consent of parties, as the case may be,
- modifications resulting from change in constitution of either of the parties pursuant to schemes of arrangement (e.g. merger, amalgamation, demerger, etc.),
- modifications which are purely technical and do not result in substantive change or alteration of rights, interests, and obligations of any of the parties,
- modifications uniformly affected for similar transactions with unrelated parties

9. **"Relative(s)"** shall have the same meaning as assigned to it under Section 2 (77) of the Act and the Rules made thereunder and Regulation 2 (1) (zd) of the LODR Regulations.

10. **"Related Party"** means a related party under Section 2(76) of the Act read with rules issued thereunder and LODR Regulations or under the applicable accounting standards;
    Provided that
    i. any person or entity forming a part of the promoter or promoter group of the Company;
    ii. any person or any entity, holding equity shares during anytime of ten per cent or more, in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year shall be deemed to be a related party.

11. **"Related Party Transaction/RPT"** means a transaction involving a transfer of resources, services or obligations between:
    (i) the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
    (ii) the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries

    regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract and shall include but not be limited to the following:

    i. purchases or sales of goods (finished or unfinished);
    ii. purchases or sales of property and other assets;
    iii. rendering or receiving of services;
    iv. leasing of property of any kind;
    v. appointment of any agent for purchase or sale of goods, materials, services or property;
    vi. appointment to any office or place of profit in the Company, or its subsidiary or associate company;
    vii. underwriting the subscription of any securities or derivatives thereof, of the Company

Notwithstanding the foregoing, the following shall not be deemed to be a Related Party Transactions under the Applicable Laws:

i. 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, including but not limited to –

    i. payment of dividend;

ii. subdivision or consolidation of securities;
iii. issuance of securities by way of a rights issue or a bonus issue; and
iv. buy-back of securities.

ii. The issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

iii. Acceptance of fixed deposits (including payment of interest thereon) by the Company at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the SEBI.

iv. Retail purchases from any listed entity or its subsidiary by the directors or key managerial personnel of the listed entity or its subsidiary, and relatives of such directors or key managerial personnel, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel.

v. Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and the Central Government or any State Government or any combination thereof on the other hand

vi. Any other exception which is not inconsistent with the Applicable Laws, including any rules or regulations made thereunder.

12. **"Subsidiary"** means a subsidiary as defined under sub-section (87) of section 2 of the Act.

All terms not defined herein shall take their meaning from the Applicable Laws.

POLICY STATEMENT

A. Procedures for review and approval of Related Party Transactions

a. All Related Party Transactions and changes therein must be reported to the Compliance Officer and shall be referred for prior approval by the Audit Committee, as may be required in accordance with this Policy including those transactions proposed to be entered in the ordinary course of its business and on arm's length basis. Further, any material modification as defined hereinabove shall require prior approval of the Audit Committee.

b. A related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction, exceeds the lower of the following:
(i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
(ii) the threshold for material related party transactions of the Company as specified in Schedule XII of these regulations;

In the event of a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of the Company is a party but the Company is not a party and such subsidiary does not have audited

financial statements for a period of at least one year, prior approval of the audit committee of the Company shall be obtained if the value of such transaction exceeds the lower of the following:
(i) ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
(ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of these regulations

Remuneration and sitting fees paid by the company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of this policy.

c. All Material Related Party Transactions and subsequent material modifications as defined by the Audit Committee and included in this Policy, shall require prior approval of the shareholders through ordinary resolution and no Related Party shall vote to approve such resolutions whether the Related Party is a Related Party to the particular transaction or not.

d. Related Party Transactions that are not in ordinary course of business but on arm's length basis cannot be entered into by the Company unless approved by Audit Committee and the Board. Where Related Party Transactions are not in ordinary course of business but on arm's length basis and falls under Section 188 (1), the Audit Committee shall recommend the transaction for approval of the Board. Further, if the said related party transaction qualifies to be a Material Related Party Transaction, approval of shareholders shall also be required to be obtained in the manner specified under the provisions of Applicable Laws.

e. For the ease of carrying out transactions/ contracts/ arrangements, the Audit Committee may grant omnibus approvals to certain transactions by the Company or its subsidiary based on the following criteria:

    i. Frequency of the transactions in the last 2 years;
    ii. Value of transaction undertaken with an Associate, Holding and Subsidiary Companies, for every financial year shall not exceed Rs. 25 Crores or such amount as may be determined and with Company other than Associate, Holding and subsidiary Companies shall not exceed Rs. 1 Crore.
    iii. All disclosures, as required under Applicable Laws including additional information sought by the Audit Committee Members, shall be placed before the Audit Committee for seeking omnibus approval. annual review to be undertaken by the Audit Committee
    iv. Transactions which cannot be subject to omnibus approval
    v. Justification for the need of omnibus approval.

f. Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the business interest of the Company.

g. The Omnibus Approval shall specify the following:

    i. the name(s) of the related party;
    ii. nature of transaction;
    iii. period of transaction;
    iv. maximum amount of transaction in aggregate and per transaction that can be entered into with Related Party;
    v. the indicative base price / current contracted price;
    vi. the formula for variation in the price, if any;

vii. such other conditions as the Audit Committee may deem fit;

h. Where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such unforeseen transactions subject to their value not exceeding Rs.1 crore per transaction.

i. Where the Audit Committee has granted omnibus approval for certain transactions, the transactions will be put for review before the Audit Committee quarterly in every financial year.

j. Where the Audit Committee is not convinced on the need for granting omnibus approvals, the Audit Committee may reject the proposal placed before it with reasonable explanation for the same. Notwithstanding the generality of foregoing, Audit Committee shall not grant omnibus approval for following transactions:

    a. Transactions which are not in ordinary course of business or not on arm's length basis;
    b. Transactions in respect of selling or disposing of the undertaking of the Company;
    c. Transactions which are not in the interest of the Company;
    d. Such other transactions specified under Applicable Laws from time to time

k. Audit Committee shall grant Omnibus approval of Related Party Transaction at the last meeting of every preceding financial year for which Omnibus approval is to be granted and such omnibus approvals shall be valid for one financial year.

l. Transactions between a listed holding company and its wholly owned subsidiary and between two wholly-owned subsidiaries of the listed holding company will be governed by criteria above unless exempted under the Applicable Laws.

m. The Audit Committee will undertake quarterly evaluation of the Related Party Transactions. If that evaluation indicates that the Related Party Transaction would require the approval of the Board, or if the Board in any case elects to review any such matter, the Audit Committee will report the Related Party Transaction, together with a summary of material facts, to the Board for its approval.

n. If a Related Party Transaction is of ongoing nature, the Board / Audit Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Board, on at least an annual basis, shall review and assess on-going relationships with the Related Party to ensure that they are in compliance with the Act and rules made thereunder, LODR Regulations and this Policy and that the Related Party Transaction remains appropriate.

o. If the Board is of the view that the Related Party Transaction needs to be approved at a general meeting of the shareholders by way of a resolution pursuant to Applicable Laws, the same shall be put up for approval by the shareholders of the Company. The Board shall ensure that the Related Parties shall not vote to approve on any resolution put to vote by the shareholders of the Company, irrespective of whether the said Related Party is a party to the said Related Party Transaction which is being put to vote.

p. Where, owing to exigencies, Related Party transactions have been entered into without being placed for prior approval by the Audit Committee, reasoned explanation for the same must be received from the contracting employees to the satisfaction of the Audit Committee. The Audit Committee may ratify such transactions, or may put forth the transactions before the Board along with its recommendations within 3 months from the date of entering into such transaction, and the Board may either ratify such transactions or seek to avoid the same. The Audit Committee recommendations may also include appropriate measures against the contract employee authorising such transactions without prior approval of the Audit Committee. Provided however that ratification by the Audit Committee shall be subject to following conditions:

(i) Only those members of the Audit Committee, who are independent directors, can ratify Related Party Transactions
(ii) The Related Party Transactions are to be ratified in the immediate next Audit Committee meeting, subject to a maximum period of three months from the date of transaction, whichever is earlier.
(iii) The value of the ratified transaction(s) with a Related Party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
(iv) The transaction is not a Material Related Party Transaction under LODR Regulations;
(v) The rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification;
(vi) The details of ratification shall be disclosed along with the disclosures of Related Party Transactions in terms of the provisions of regulation 23(9) of the LODR Regulations;
(vii) any other condition as specified by the Audit Committee:

Any failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee and if the transaction is with a Related Party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

q. If the Company has entered into a Related Party Transaction under section 188 of the Companies Act, 2013 or SEBI LODR Regulations, 2015 without the approval of the Board / general meeting, as may be required, then the said Related Party Transaction may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions: (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore; (ii) the transaction is not material; (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification; (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions; (v) any other condition as specified by the audit committee

r. In any case where either the Audit Committee / Board / a general meeting decides not to ratify a Related Party Transaction that has been entered into without approval, the Committee or Board or the general meeting, as the case may be, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification.

s. No Director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, and the Director / Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee / Board.

t. Only those members of the Audit Committee, who are Independent Directors, shall vote to approve Related Party Transactions.

u. Audit Committee / the Board may review any Related Party Transactions involving Independent Directors as part of the annual determination of their independence.

v. Nothing in this Policy shall override any provisions of Applicable Laws made in respect of any matter stated in this Policy.

w. In any circumstance where the terms of this Policy differ from any existing or newly enacted law, rule, Regulation or standard governing the Company, the law, rule, Regulation or standard will take precedence over this Policy until such time as this Policy is changed to conform to the law, rule, Regulation or standard.

x. Management team shall formulate a defined procedure for identification/ monitoring/ approval of Related Party Transaction.

B. Standards for Review

A Related Party Transaction reviewed under this Policy will be considered approved or ratified if it is authorized by the Audit Committee / Board / Shareholders, as applicable, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction.

The Audit Committee / Board will review all relevant information available to it about the Related Party Transaction. The Audit Committee / Board, as applicable, may approve / ratify / recommend to the shareholders, the Related Party Transaction only if the Audit Committee / Board, as applicable, determines in good faith that, under all of the circumstances, the transaction is fair as to the Company. The Audit Committee / Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction.

C. The Company shall provide following information to Audit Committee for review and approval of proposed Related Party Transaction:

The management of the Company shall place before the Audit Committee such disclosures/information, as may be specified under Applicable Laws, specifically the ISN, as amended from time to time, and while placing any proposal for review and approval of a RPT before the Audit Committee, it shall take into account following additionally to comply with the requirements of Applicable Laws including:

1. Provide comments against each information, wherever applicable, against transaction-based information. Indicate 'NA', where the field is not applicable along with reason for non-applicability wherever and 'NIL', where no comments have been provided.

2. Certificates from the CEO or CFO or any other KMP of the Listed Entity and from every director of the Listed Entity who is also promoter ("promoter director") to the effect that:

   (i) the RPTs to be entered into are not prejudicial to the interest of public shareholders; and
   (ii) the terms and conditions of the RPT are not unfavorable to the listed entity, compared to the terms and conditions, had similar transaction been entered into with an unrelated party

   However, if any promoter director does not provide such certificate, the same shall be informed to the Audit Committee and the shareholders, if it is a material RPT.

3. Copy of the valuation or other report of an external party, if any, shall be placed before the Audit Committee.
4. If audited financial statements of the related party as required to be submitted to the Audit Committee are not available for any financial year, the relevant financial extracts shall be certified by the related party, as drawn from its books of accounts.
5. If the related party follows a different financial year, this fact shall be disclosed.
6. In case of multiple types of proposed transactions, details to be provided separately for each type of the proposed transaction.

The Audit Committee may, at its discretion, comment on information provided by the management. Such comments and the rationale for not approving a RPT shall be recorded in the minutes of the meeting of the Audit Committee.

The Audit Committee may seek any additional information from the management, as it deems necessary and reasonable, to evaluate the proposed RPT.

The Minimum Information for approval of Related party Transaction as mentioned in Industry Standards Note on RPT will be applicable on case to case basis as per the Nature of Transaction

D. Information to be provided to shareholders for consideration of RPTs which are material in terms of the provisions of LODR Regulations:

The explanatory statement contained in the notice sent to the shareholders for seeking their approval for an RPT shall provide the disclosures/information, as may be specified in the Applicable Laws, specifically the ISN, as amended from time to time, so as to enable the shareholders to take a view whether the terms and conditions of the RPT are favorable to the listed entity including but not limited to following:

a) Information as placed before the Audit Committee, to the extent applicable.
b) Justification as to why the proposed transaction is in the interest of the listed entity.
c) Disclose the fact that the Audit Committee had reviewed the certificate provided by the CEO or CFO or any other KMP as well as the certificate provided by the promoter directors of the Listed Entity, if any, required under Applicable Laws.
d) Disclosure that the material RPT or any material modification thereto, has been approved by the Audit Committee and the Board of Directors recommends the proposed transaction to the shareholders for approval.
e) Provide web-link and QR Code, through which shareholders can access the valuation report or other reports of external party, if any, considered by Audit Committee while approving the RPT.
f) The Audit Committee and Board of Directors, while providing information to the shareholders, can approve redaction of commercial secrets and such other information that would affect competitive position of listed entity and affirm that, in its assessment, the redacted disclosures still provides all the necessary information to the public shareholders for informed decision making.
g) Any other information that may be relevant.

The Minimum Information for approval of Related party Transaction as mentioned in Industry Standards Note on RPT will be applicable on case to case basis as per the Nature of Transaction

E. Determination of Ordinary Course of Business

For determining "Ordinary Course of Business", the Company shall consider all acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing of guarantees or collaterals, which, are done on a routine basis and are not standalone transaction(s). The Company would take into account the frequency of such activity and its continuity, in a normal organised manner, while determining what is in the ordinary course of business. Further, the transaction should not be:

A) any exceptional or extra-ordinary activity as per applicable accounting standards or financial reporting requirements;
B) any sale or disposal of any undertaking of the Company, as defined in explanation (i) to clause (a) of sub-section (1) of section 180 of the Act.

In order to decide whether or not a contract or arrangement is being entered by the Company in its ordinary course of business, the Company shall consider whether the contract/arrangement is germane to attainment of main objects as set out in the Memorandum of Association.

F. Determination of Arms' length nature of the Related Party Transaction

a. Price Determination

At the time of determining the arms' length nature of price charged for the Related Party Transaction, the Audit Committee shall take into consideration the following:

i. The contracts/ arrangements are entered into with Related Parties, are at such prices/ discounts/ premiums and on such terms which are offered to unrelated parties of similar category/ profile.

ii. Permissible methods of arms' length pricing as per Applicable Laws including such prices where the benefits of safe harbour is available under Applicable Laws.

iii. For the said purposes the Audit Committee shall be entitled to rely on professional opinion in this regard.

b. Underwriting and Screening of arms' length Related Party Transaction

i. A Related Party with whom the Related Party Transaction is undertaken must have been selected using the same screening / selection criteria / underwriting standards and procedures as may be applicable in case of an unrelated party.

G. Identification of Potential Related Party Transactions

a. The Compliance Officer shall:

i. Identify and keep on record the Related Parties of the Company and its Subsidiaries, along with their personal/company details.
ii. Update the record of Related Parties whenever necessary and shall be reviewed at least once a year.

b. Every Director / Key Managerial Personnel of the Company or any of their relatives should not derive any undue personal benefit or advantage by virtue of their position or relationship with the Company.

c. Each Director / Key Managerial Personnel is responsible for providing written notice to the Company through the Compliance Officer at the time of appointment and till such period he/she is associated with the Company of any potential Related Party Transaction involving him or her or his or her 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 members of the Audit Committee, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

d. 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 meeting.

e. 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, 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.

f. 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 Audit Committee and 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.

g. In addition, each Director / Key Managerial Personnel is required to file a disclosure statement in connection with the disclosures about their Relatives.

H. Disclosures

a. The Company shall disclose Related Party Transactions in the Company's Board's Report to shareholders of the Company at the Annual General Meeting.

b. Disclosures of all Material Related Party Transactions, if any shall be made quarterly along with the Company's Compliance Report on Corporate Governance, in accordance with the LODR Regulations.

c. The Company shall disclose this Policy on its website and also provide web link to the same in the Annual Report of the Company.

d. The Company shall keep one or more registers as specified under Applicable Laws giving separately the particulars of all contracts or arrangements with any related party.

e. The Company shall submit disclosure of RPTs every six months to the stock exchanges on the date of publication of its standalone and consolidated financial results on a consolidated basis, in the format specified by SEBI from time to time and the same shall also be published on its website.

f. The Company and its subsidiaries in its Annual Report shall disclose Loans and advances in the nature of loans to firms/companies in which Directors are interested by name and amount.

I. Operational Framework

The Company shall follow the operational framework for related party transactions annexed as **Annexure A.**

REVIEW & AMENDMENTS

This Policy shall be reviewed by the Board of Directors or the Audit Committee of the Board of the Company periodically/Annual or as and when required and updated accordingly.

Any changes made in the Policy shall be recorded in the change control record sheet attached with the Policy.

ANNEXURE A

OPERATIONAL FRAMEWORK FOR RELATED PARTY TRANSACTIONS:

The RPT would be identified in the following manner:

(1) Identification of Related Parties:

The Company shall identify Related Parties as defined under Clause 3 of the Policy with respect to the given specific transactions. The list of Related Parties of the Company and the Subsidiaries needs to be updated once in a year, on 1^{st} April every year, and during the year, on the basis of the specific events bringing change to the list of related parties. The list of Related Parties maintained by the Company should also include Related Parties of its Subsidiary companies as received from the concerned officer of such Subsidiary company.

The Compliance officer should at all times ensure:

The list of Related Parties should be updated by Secretarial Department of the Company and respective departments of its Subsidiaries, upon receipt of disclosures from the Directors and Key Managerial Personnel of the Company. The list would be circulated with accounts and other concerned department.

Prior to entering into any transaction, whatsoever, the Business/ Functional Heads shall refer to the latest Related Party list circulated by the Secretarial team to assess whether the party with whom the transaction is proposed to be entered is a Related Party of the Company or its Subsidiaries or if the purpose and effect of such transaction is to benefit a Related Party of the Company or its Subsidiaries.

If the party is not a Related Party (neither of the Company nor of the Subsidiary) or if the purpose and effect of the transaction concerned is not to benefit a Related Party whether of the Company or of its Subsidiary, then they shall be required to follow the normal business protocol for executing such transactions. However, if the transaction is identified to be Related Party Transaction, if the party is identified as a Related Party, the Business/ Functional Heads would need to ensure that the RPT is being entered in accordance with the framework for RPT and seek a prior approval of the Audit Committee for undertaking such RPT in accordance with this Policy.

(2) Identification of Transactions:

Every transaction with Related Parties shall be screened through the transactions mentioned under section 188(1) of the Act and Regulation 2(zc) of LODR Regulations. If any transaction qualifies, approval of Audit Committee shall be required to be obtained. Further, approval of the Board of Directors shall also be required for transactions under section 188(1) of the Act other than for those entered in ordinary course of business and on arm's length basis.

If the said transaction also qualifies to be a Material Related Party Transaction as defined under this Policy, prior approval of the members shall be required before entering into the transaction.

(3) Parameters of applicability of Ordinary Course of Business and transaction pricing at Arm's Length:

a. The Company generally undertakes transactions with Related Parties in its ordinary course of business and at arms' length basis and such transactions do not require prior approval of the Board of Directors under the purview of Section 188 of Act. However, such transactions need to be approved by the Audit Committee before entering into the transaction.

b. The parameters for Arm's length nature be gauged based on any one or more of the following criteria:

The illustrative test for determining pricing shall be as follows:

i. Price charged by the Company to unrelated parties
ii. Obtaining two or three quotes from unrelated parties for similar transactions, subject to the availability of the same.
iii. Independent Valuations
iv. Market Price if readily available and if the market exists for the same
v. Commercially negotiated contract

The terms of contract/arrangement other than pricing are generally on a basis similar to those as may be applicable for similar category of goods/services for similar category of counterparties. Also, the Company as and when required, shall seek professional advice for determination of arm's length basis.

c. Arm's Length criteria/process to be observed:

i. In order to ensure compliance with the principle of arms' length nature in terms of section 188 of the Act, originator of such transactions shall provide comparative analysis of the similar transaction with an unrelated party.
ii. The responsibility of ensuring that the transactions with Related Party are undertaken at arm's length basis rests with the Head of the respective Department originating the transaction. Any transactions with the Related Parties shall primarily be reviewed by the following -

(1) Chief Financial Officer
(2) Company Secretary,
(3) Chief Compliance Officer
(4) Head of the respective Department (Originator)
(5) and such other person as may deem appropriate in the given situation/ transaction having relevant expertise and experience to assess the RPT.

The Audit Committee shall consider all relevant facts and circumstances regarding the RPT and shall evaluate all options available to the Company for the purpose of arm's length test.

Approval Matrix

The Reviewers shall review the proposed RPT within the parameters defined herein and accordingly shall advise the course of action for the proposed RPT:

SL. No.	Particulars	Details
(1)	**Originator's Responsibilities**	Originators seeking approval of RPT shall provide: (a) Name/s of the Related Party(ies) and the nature of the relationship (b) Provide the justification for entering into the RPT (Commercial/ Ordinary Course of Business and Arm's Length)

SL. No.	Particulars	Details
		The information should be received well in advance from the respective parties so as to allow reviewers adequate time to obtain and review information about the proposed transaction.
(2)	**RPT Evaluation by the Reviewers**	With respect to each transaction sent for approval; Reviewers shall comment and confirm the following : - Whether the proposed transaction is a RPT within the meaning of RPT as per Applicable Laws - Justification for the intended RPT (Commercial/ Ordinary Course of Business and the sufficiency of the documentation for Arm's Length) - Whether the transaction is covered under the omnibus approval given by the Audit Committee for the financial year In assessing a Related Party Transaction, the Reviewers shall consider such factors as it deems appropriate including but not limited to the following: (i) the business reasons for the Company to enter into the Related party transaction; (ii) the commercial reasonableness of the terms of Related Party Transaction; (iii) materiality of the Related Party Transaction to the Company; (iv) whether the terms of Related Party Transaction, other than pricing, are fair to the Company and on the same basis as would apply if the transactions did not involve a Related Party (v) the extent of Related Party's interest in the Related Party Transaction (vi) the actual or apparent conflict of interest of related party participating in the related party transaction and (vii) regulatory guidelines, if any In case where it is assessed that the transaction does not meet the criteria of Ordinary Course of Business or Arms' Length Price, such transaction shall be referred for the approval of the Board of Directors or Shareholder, as the case may be, in terms of Section 188 of the Act. All RPTs shall require prior approval of Audit Committee.
(3)	**Approval of the RPTs**	Pursuant to the review of the RPT and its documentary substantiation, the Reviewer may take the following actions: (a) Recommend the RPT for approval of Audit Committee.

SL. No.	Particulars	Details
		(b) Recommend the RPT for approval of Board of Directors or/and Shareholders, as may be applicable. In case the transactions specified under Applicable Laws of the Act, are proposed to be entered with the wholly owned Subsidiary Company (WOS), the resolution passed by the holding company shall be sufficient for the purpose of entering into the RPT between the Company and WOS.
(4)	**Arm's Length Report**	Arm's length Report on transactions with Related Parties on half yearly basis would be obtained from a Chartered Accountant Firm and placed before the Audit Committee.

Threshold limit provided in Section 188 of the Companies Act, 2013

Sl. No.	Transactions	Threshold Limits
a	Sale, Purchase or Supply of goods/materials directly or through appointment of agent	10% of the turnover
b	Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agent	10% of the networth
c	Leasing of property of any kind	10% of the turnover
d	Availing or rendering of any services directly or through appointment of agents	10% of the turnover
e	Relates to appointment to any office or place of profit in the company, its Subsidiary company or Associate Company	Monthly remuneration exceeding Rs. 2.5 lakh
f	The remuneration for underwriting the subscription of any securities or derivatives thereof of the Company	Exceeding 1% of the Networth

Note:

i. The limits specified in (a) to (d) above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

ii. The turnover or net worth referred above shall be computed on the basis of the audited financial statement of the preceding financial year.

Threshold Limit provided in Schedule XII of SEBI LODR Regulations, 2015

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 the following:

Consolidated Turnover of Listed Entity Threshold	**Threshold**
(I) Up to ₹20,000 Crore	10% of the annual consolidated turnover of the Company
(II) More than ₹20,000 Crore to upto ₹40,000 Crore	₹2,000 Crore + 5% of the annual consolidated turnover of the Company above ₹20,000 Crore
(III) More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover of the Company above ₹40,000 Crore or ₹5000 Crores, whichever is lower.

Explanation: For the purpose of computing the thresholds stated above, the annual consolidated turnover of the listed entity shall be determined based on the last audited financial statements of the listed entity.

Illustration 1. For listed entities in (II)	
If the annual consolidated turnover of a listed entity is ₹30,000 Crore	₹2,000 Crore + 5% of the remaining ₹10,000 Crore = ₹2,500 Crore.
Illustration 2. For listed entities in (III)	
If the annual consolidated turnover of a listed entity is ₹50,000 Crore	₹3,000 Crore + 2.5% of the remaining ₹10,000 Crore = ₹3,250 Crore.
Illustration 3. For listed entities in (III)	
If the annual consolidated turnover of a listed entity is ₹1,50,000 Crore	₹3,000 Crore + 2.5% of the remaining ₹1,10,000 Crore = ₹5,750 Crore. However, threshold for material related party transaction would be ₹5,000 Crore as it is lower than ₹5,750 Crore.