



POLICY ON RELATED PARTY TRANSACTIONS



INDIA FINSEC LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. SCOPE AND PURPOSE OF THE POLICY

INDIA FINSEC LIMITED (the company) recognizes that Related Party Transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company and its shareholders' best interests and in compliance to the provisions of the Companies Act, 2013, Master Direction Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and SEBI (LODR) Regulations, 2015, as amended from time to time, and other laws and regulations as applicable to the Company.

2. ABOUT THE COMPANY

India Finsec Limited (Registration No. B-14.00127), a Non Banking Financial Company (NBFC) incorporated with the name of Dynasore Leasing And Holdings Private Limited on 10th August, 1994. Its promising future prospects and growth opportunities inspired it to convert itself into public company and to list its shares in the stock exchange.

The main business of the company is to provide financing and advancing short term and long term loans and credits to individuals, companies, association of individuals on securities such as land, building etc. and to provide leasing, hire purchase services and also deals in the business of portfolio investment in equity shares, preference shares, stocks, debentures, government securities bonds etc.

3. OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the exceeding thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Companies Act, 2013 and National Housing Bank (NHB) Act and any other laws and regulations as may be applicable to the Company.

4. DEFINITIONS

4.1 **“Applicable Laws”** includes;

- (a) the Companies Act, 2013 ('the Act') and rules made thereunder;
- (b) Accounting Standards;
- (c) Master Direction Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023
- (d) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, or, any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

4.2 **“Arm's Length Transaction”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

4.3 **“Ordinary course of business”** includes, but not limited to, activities that are necessary, normal, and



incidental to the business.

4.4 "Company" means INDIA FINSEC LIMITED.

4.5 "Relative" with reference to a Director or KMP means persons as defined in Section 2(77) of the Companies Act, 2013 and rules prescribed thereunder.

4.6 "Related Party" have the meaning as defined in Section 2(76) of Companies Act, 2013, the applicable accounting standards or under Regulation 2(1) (zb) of SEBI (LODR) Regulations 2015 and as per the scale based regulation or any other applicable law or regulation.

4.7 "Related Party Transactions" As per section 188(1) of Companies Act, 2013 related party transaction will include following specific transactions:

- a) sale, purchase or supply of any goods or materials;
- b) selling or otherwise disposing of, or buying, property of any kind;
- c) leasing of property of any kind;
- d) availing or rendering of any services;
- e) appointment of any agent for purchase or sale of goods, materials, services or property;
- f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company ;and
- g) underwriting the subscription of any securities or derivatives thereof, of the company.

Provided that nothing in section 188(1) shall apply to any transaction entered into by the Company in its ordinary course of business other than transactions which are not at arm's length basis.

As per **Regulation 2(1)(zc) of SEBI (LODR) Regulations, 2015**. Accordingly, a related party transaction is a transaction involving transfer of resources, services, or obligations between

- a. listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- b. listed entity 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 listed entity or any of its subsidiaries, regardless of whether a price is charged.

A "**transaction**" with a related party shall be construed to include single transaction or a group of transactions in a contract. Provided that the following shall not be a related party transaction:

- a. 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.
- b. the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - 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 buy-back of securities.



c. acceptance of fixed deposits by banks/Non-Banking Finance Companies 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 Board.

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s).

d. acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time.

e. retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.

4.8 “Shareholder’s Approval” All Related Party Transactions and subsequent material modifications shall also be placed for prior approval of shareholders if it exceeds the thresholds as prescribed under the Companies Act, 2013 and the Rules framed thereunder.

4.9 “Key Managerial Personnel” or “KMP” shall have the meaning as defined in the Companies Act 2013 and as amended from time to time.

4.10 “Audit Committee” means the committee of Board of Directors of the Company constituted in accordance with the provisions of Companies Act, 2013 and Rules made thereunder.

4.11 “Subsidiary Company” shall be as defined in Section 2(87) of the Companies Act, 2013.

4.12 “Material Related Party Transactions”

In accordance with SEBI (LODR), material related party transactions means:

- a) Any related party transaction / transactions, to be entered into individually or taken together with previous transactions during a financial year, which exceeds rupees 1000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the company, whichever is lower.
- b) Any related party transaction / transactions with respect to brand usage and royalty, to be entered into individually or taken together with previous transactions during a financial year, which exceeds 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the company.

4.13 “Material modification” means any subsequent change to an existing Related Party Transaction, having variance of 20% of the existing limit or Rs.10 crores whichever is lower.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, SEBI (LODR) regulations, 2015 as amended from time to time or any other applicable law or regulation and as amended from time to time.



Loan in 3 days

5. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION

5.1 Approval of the Audit Committee

- A. All related party transactions require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:
- a. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following namely:
- i) Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
 - ii) The maximum value per transaction which can be allowed;
 - iii) extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval
 - iv) review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each omnibus approval made;
 - v) transactions which cannot be subject to the omnibus approval by the Audit Committee
- b. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-
- i) repetitiveness of the transactions (in past or in future);
 - ii) justification for the need of omnibus approval.
- c. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company;
- d. The omnibus approval shall provide details of
- (i) the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into,
 - (ii) basis of arriving at the indicative base price / current contracted price and the formula for variation in the price if any and
 - (iii) such other conditions as the Audit Committee may deem fit.

Provided that where the need for related party transactions cannot be foreseen and aforesaid details are not available.

- e. Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.
- f. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.
- g. In case, need for Related Party Transaction cannot be foreseen, Audit Committee may consider granting



omnibus approval for any transaction or transactions, subject to the maximum value of Rs.1 crore per transaction.

- h. Any other conditions as the Audit Committee may deem fit.

5.2 Approval of the Board of Directors of the Company

In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length basis, the Board will inter alia consider factors such as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction and any other information the Board may deem important/relevant for taking decision on a proposed transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

5.3 Approval of the Shareholders of the Company

If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, or (ii) not in the ordinary course of business, or not at arm's length basis and exceeds certain thresholds prescribed under the Act, then such Related Party Transaction and any subsequent Material modification thereto, shall require shareholders' approval by a resolution. In such case, any member of the Company who is a Related Party, irrespective of being related to the said transaction or not, shall not vote on resolution passed for approving such Related Party Transaction.

However, the requirement of shareholders' approval for Related Party Transactions exceeding the thresholds is not required in case of wholly owned subsidiary, if passed by the holding company, for the purpose of entering into the transaction between wholly owned subsidiary and holding company.

6. REPORTING AND DISCLOSURES

All the Disclosure would be done as in compliance with the requirement as specified under applicable law or regulation.

- i) Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
- ii) The details of all transactions with Related Parties shall be submitted, in the prescribed format to the stock exchanges, and requisite disclosures shall be made in other public documents/certificates as legally required, in the manner and as per the timelines set out in the Listing Regulations and the same shall be published on the Company's website.

7. WHISTLE BLOWER FOR ANY RELATED PARTY TRANSACTION ENTERED BY COMPANY IN NONCOMPLIANCE OF THIS POLICY.



Any officer or employee, can approach access / approach the Company Secretary to report a fraudulent related party transaction.

8. REVIEW OF THE POLICY

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically and appropriate recommendations shall be made to the Board to update the Charter based on the changes that may be brought about due to any regulatory amendments or otherwise.

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