

## Avanse Financial Services Ltd

### Policy on Related Party Transactions

<b>Prepared by</b>	Secretarial Department
<b>Recommended by</b>	Audit Committee
<b>Approved by</b>	Board of Directors

## **1. Title**

This policy shall be called as “Policy on Related Party Transactions”.

## **2. Objective**

This policy is formulated in line with the provisions of the Companies Act, 2013 and Reserve Bank of India Directions. The code of conduct for Independent directors as stipulated in Schedule IV of the Companies Act, 2013 provides that it is one of the duties of the Independent Directors to pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company.

In order to prevent abuse in Related Party Transactions (RPT), one of the key functions of the Board of Directors is to monitor and manage potential conflicts of interest of management, members of the Board of Directors and the shareholders, including misuse of corporate assets and abuse in related party transactions.

## **3. Definitions**

Definition of the terms used in this policy shall be same as defined in the Companies Act, 2013 and rules made there under as amended from time to time.

## **4. Approvals**

- a) The RPT should be in conformity with the applicable laws, rules and regulations.
- b) All RPT shall be placed before the Audit Committee for their prior approval and also before the Board of Directors and Shareholders of the Company, as required under the provisions of the applicable laws.
- c) The Audit Committee may grant omnibus approval for RPT which are repetitive in nature. Based on the requisite information, the omnibus approval may be granted for such amount, period etc. as the Audit Committee may deem fit, provided that such approval shall remain valid for a period not exceeding one year, during which period the commercial terms of approved RPT may change, provided that arm’s length criterion shall be ensured at the time of each such change. Further, where the need for RPT cannot be foreseen and requisite details are not available, the Audit Committee may grant omnibus approval for such transactions provided that the value of each such transaction shall not exceed ₹ 1 crore. The Audit Committee shall review, at least on a quarterly basis, the details of the related party transactions entered into pursuant to such omnibus approval.

- d) The Audit Committee shall not grant omnibus approval for the following transactions:
- i. Transactions in respect of selling or disposing of the undertaking of the Company.
  - ii. Transactions which are not in the interest of the Company.
  - iii. Such other transactions specified under the applicable laws from time to time.
- e) Any RPT which is not in the Ordinary Course of Business of the Company or not at Arm's Length Basis shall be affected only with the prior approval of the Board of Directors of the Company, on recommendation of the Audit Committee.
- f) All RPT specified in the Companies Act, 2013 which are not in Ordinary Course of Business of the Company or not at Arm's Length Basis and exceed the thresholds laid down in the Companies Act, 2013 and Companies (Meeting of Board and its Power) Rules, 2014, as amended from time to time, shall be placed before the shareholders for its approval. Notwithstanding, the RPTs which cross the thresholds as defined herein shall be entered by the Company only with the prior approval of shareholders of the Company, as per applicable provisions of the Act.
- g) Subject to the provisions of the applicable laws, the Audit Committee or the Board of Directors or the Shareholders of the Company, as the case may be, shall have the power to ratify, revise or terminate the RPT, which are not in accordance with this Policy or as per the provisions of the applicable laws.

## **5. Amendments**

Any subsequent amendment / modification in the applicable laws in this regard shall automatically apply to this policy.

## **6. Review**

The Audit Committee or the Board of Directors of the Company shall have the power to review, amend /alter the policy as and when necessary.