

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

1. Introduction and Background:

Reserve Bank of India vide its Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (Updated as on May 31, 2018) ("RBI circular") directed NBFCs to disclose the policy on dealing with Related Party Transactions on its website.

In view of the same, InnoVen Capital India Private Limited ("Company") has adopted the said Policy which lays down the mechanism to deal with transactions with related party. The Policy is in compliance with the requirements of the Companies Act, 2013 ("the Act") and the Rules made thereunder as amended from time to time.

2. Definitions:

- a) "Related Party" is a party as defined in sub-clause (76) of sections 2 of the Act.
- b) "Arm's length transactions" means transaction between two related parties that are conducted as if they were unrelated, so that there is no conflict of interest.
- c) "Material Related Party Transactions" would mean related party transactions as defined under for contracts or arrangements given under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time, requiring approval from shareholders.
- d) "Related Party Transactions" or "RPTs" means transactions as given under Section 188 of the Act including rules thereof with Related Party(s).

3. Terms of the Policy:

All RPTs must be referred to the Audit Committee of the Company for approval, irrespective of its materiality. The Audit Committee shall also approve any subsequent modification in the RPTs.

The Audit Committee shall consider the following while approving an RPT–

- a) Nature of relationship with the related party;
- b) Nature, material terms, monetary values and particulars of the contract or arrangement;
- c) Method and manner of determining the pricing and other commercial terms;
- d) Whether the transaction is at arm's length; and
- e) Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

The Audit Committee may also grant omnibus approval for RPTs proposed to be entered into by the Company subject to fulfillment of the following conditions:

- a) The Audit Committee shall lay down the criteria for granting the omnibus approval and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b) The Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company.
- c) Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) 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 RPTs cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

- d) Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.

When any transaction for an amount not exceeding one crore rupees is entered by Director or officer of the Company without obtaining the approval of the Audit Committee, it has to be ratified by the Audit Committee within three months from the date of the transaction. If the transaction is with the related party to any Director or is authorised by any other Director, the Director concerned shall indemnify the Company against any loss incurred by it.

4. Approval of transactions:

Board

RPTs which are not at arm's length and which are not in the ordinary course of business would be approved by the Board.

Shareholders

All Material RPTs would require prior approval of the shareholders, based on recommendation of the Board, through ordinary resolution passed at the general meeting. Where any contract or arrangement is entered into by a director or any other employee without obtaining the consent of the Board or approval by an ordinary resolution in the general meeting, it has to be ratified by the Board or by the shareholders at a meeting, as the case may be, within three months from the date on which such contract or arrangement was entered into.

5. Exemption:

The approval of the Audit Committee/ Board/ Shareholders is not applicable in case of any contract or arrangement by a Company with the holding company.

6. Disclosure:

Appropriate disclosures as required under the Act will be made in the Financial Statements, Board's Report and such other places as may be specified under law.

7. Review/ Revision of policy:

If at any point a conflict of interpretation / information between the Policy and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities ("Regulatory Provisions") arises, then interpretation of the Regulatory Provisions shall prevail.

In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the Policy shall stand amended accordingly from the effective date specified as per the Regulatory Provisions. The Board reserve(s) the right to alter, modify, add, delete or amend any of the provisions of the Policy, based on the recommendations of the Audit Committee.