

AMBIT FINVEST PRIVATE LIMITED
RELATED PARTY TRANSACTIONS POLICY

Version	Document Owner*	Approval	Version Description	Regulatory Reference
I	-	Board Meeting - 16.05.2019	Formation of the Policy	RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17
II	Reena Sharda & Amrita Pillai (Compliance & Legal)	Board Meeting -24.06.2020	Annual Review	Nil

*w.e.f. June, 2020

INDEX

Sr. No	Content	Page No.
1	Background	4
2	Definitions	4
3	Approval of Related Party Transactions	6
3	(A) Audit Committee Approval	6
	(B) Approval of Board of Directors and Shareholder	7
	(C) Related Party transactions not approved under this policy	7
4	Disclosure	8
5	Review of the Policy	8

1. BACKGROUND

Ambit Finvest Private Limited (hereafter referred to as ‘the **AFPL**’/ ‘the **Company**’) is a private limited company incorporated under the provisions of the Companies Act, 1956 and is a Reserve Bank of India (RBI) registered Systemically Important Non-Deposit Accepting or Holding Non-Banking Financial Company (“NBFC-NDSI”). The Company has become a “Systemically Important” Non- Deposit Accepting or Holding Non-Banking Financial Company effective from September 01, 2018

The Board of Directors of the Company has adopted the Related Transaction Policy (“Policy”) in compliances with the Companies Act 2013, and pursuant to the Reserve Bank of India circular no. RBI/2014-15/299 DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014 on Revised Regulatory Framework for NBFCs dated November 10, 2014.

The Policy governs the transactions with the Related Parties keeping in view of the potential or actual conflicts of interest and may pose questions upon the transaction entered into by the Company with the Related Parties and whether such transactions are consistent with the Company’s and its shareholders interest and in compliance with the laws applicable to the Company. Such transactions shall be considered appropriate only if they are in the best interest of the Company and its shareholders.

2. DEFINITIONS

“**Act**” shall means Companies Act, 2013 and the Rules framed thereunder including amendments, re-enactments, modifications, notifications, circulars and orders from time to time.

“**Arm’s Length Basis**” shall means the transaction entered into between two Related Parties as if they were unrelated to avoid any conflict of interest, and the term ‘arm’s length’ shall be construed accordingly.

“**Audit Committee**” or “**Committee**” means Audit Committee of the Company as constituted by the Board

“**Board of Directors**” or “**Board**” shall means Board of Directors of the Company.

“**Company**” shall means Ambit Finvest Private Limited

“**Key Managerial Personnel**” (**KMP**) means:

- a. Chief Executive Officer or Managing Director;
- b. Whole-time Director;
- c. Chief Financial Officer;
- d. Company Secretary;

e. 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

f. Such other officer as may be prescribed, from time to time

“Relative” shall mean the term as defined under relevant applicable section of the Companies Act, 2013 read with the Companies (Specification of definitions details) Rules, 2014.

Related Party: A Related Party shall have the same meaning as defined under Section 2(76) of the Act and the Rules made thereunder and the applicable Accounting Standards.

As per Section 2(76) of the Act, Related Party with reference to a company means:

(i) a director or his relative;

(ii) a key managerial personnel or his relative;

(iii) a firm, in which a director, manager or his relative is a partner;

(iv) a private company in which a director or manager or his relative is a member or director;

(v) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;

(vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;

(vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

(viii) any body corporate which is—

a) a holding, subsidiary or an associate company of such company;

b) a subsidiary of a holding company to which it is also a subsidiary; or

c) an investing company or the venturer of the company;"

Provided that nothing in sub-clauses (viii) shall apply to the transaction as mentioned under section 188 (1) (a to g);

(ix) such other person as may be prescribed;

Note: *The above clause (viii) shall not be applicable for the transaction mentioned in clause (a) to (g) of sub-section (1) of Section 188 of the Act – vide Notification dated June 5, 2015 issued by Ministry of Corporate Affairs*

“Related Party Transaction” or (“RPT”) shall means any transaction or contract or arrangement with Related Party as defined under Section 188 of the Act and the Rules made thereunder and the Accounting Standards.

3. APPROVAL OF RELATED PARTY TRANSACTION

(A) Audit Committee Approval

Related Party Transactions shall be approved by the Audit Committee, as may be required in terms of the provisions of the Companies Act, 2013. To review a related party transaction which requires approval of the Audit Committee, the Audit Committee will be provided with all relevant material information to assist it in deciding whether or not to approve the transaction.

The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature subject to the following conditions:

- a. The Audit Committee shall satisfy itself on the need for omnibus approval and whether such approval is in the interest of the Company;
- b. Omnibus approval shall be valid for a period not exceeding 1 (One) financial year and shall require fresh approval after the expiry of such financial year;
- c. The omnibus approval shall contain the name of the related party(ies), nature and duration of the transaction, maximum amount of transaction that can be entered into, the indicative base price or current contracted price and the formula for variation in the price, if any, and such other conditions, as the Audit Committee may deem fit;

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may make omnibus approval for such transactions subject to their value not exceeding INR 1 crore per transaction.

- d. Omnibus approval shall not be made for transactions in respect of –
 - i. 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.
 - iv. Transactions which are not in the ordinary course of business or not at arm's length
 - v. Transactions which are not repetitive or unforeseen in nature.
 - vi. Inter-corporate loans given / taken by the Company to / from related parties and purchase / sale of investments from / to related parties.
 - vii. Transactions in respect of sale or disposal of the undertaking of the Company.
 - viii. Any other transaction as may be specified by the Audit Committee.

- e. The Audit Committee shall, at least on quarterly basis, review the details of the related party transactions entered into by the Company pursuant to each of the omnibus approval.

In an unforeseen event where a RPT needs to be entered due to business exigencies between two Audit Committee meetings, the Audit Committee may approve such RPT by passing a resolution by circulation, after satisfying itself that such transaction is in the interest of the Company

(B) Approval of Board of Directors and Shareholder

Except in respect of transactions entered into by the Company in its ordinary course of business (other than transactions which are not on an arm's length basis), the Company shall not enter into any contract or arrangement with its Related Parties with respect to the matters specified in Section 188(1) of the Act, without the following prior approvals:

- (i) Approval of the Board of Directors given by way of a resolution at a meeting of the Board and subject to such conditions as may be prescribed by the Board; and
- (ii) Approval of the shareholders of the Company by ordinary resolution in case the contract or arrangement falls within the criteria specified as per Section 188(1) read with the Companies (Meetings of Board and its Powers) Rules, 2014.

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 sec 188 of the Act. However, Shareholders approval shall not be required for Material RPTs entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with that of the Company and placed before the shareholders at the general meeting for approval

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.

(C) RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In case of any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the Company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and 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.

In case of any contract or arrangement entered into by a director or any other employee, without obtaining the consent of the Board or approval by the Shareholder in the General Meeting under

Section 188(1) of the Act and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the 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.

4. DISCLOSURE

Appropriate disclosures as required by the Act and Reserve Bank of India will be made in the Financial Statements and the Board's Report of the Company. This Policy shall be disclosed on the website of the Company.

5. REVIEW OF POLICY

This Policy shall be reviewed by the Audit Committee ("Committee") as and when any changes are to be made in the Policy. Any changes or modification in the Policy as recommended by the Committee shall be presented to the Board for their approval.