

AMBIT FINVEST PRIVATE LIMITED (AFPL)	 AMBIT Finvest Pragati ke partner
Related Party Transaction Policy	



Document Control

Item	Description
Document Title	Related Party Transaction Policy
Document Owner	Reena Sharda, Associate Vice President (Compliance and Legal) Amrita Pillai, Company Secretary
Document Classification	Regulatory RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17

Document Revision Record (Change History - Created / Reviewed)

Version	Document History	Name (by)	Date	Description of Change / Remarks	Regulatory Reference
1.0	Created	-	Board Meeting - 16.05.2019	Formation of the Policy	RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17
1.0	Approved	Board Meeting	16.05.2019	-	-
2.0	Reviewed	Board Meeting	24.06.2020	Annual Review	-
3.0	Reviewed	Board Meeting	11.06.2021	Annual Review	-

Document Approval History (Reviewed and Approved)

Version	Name	Review/Approval	Date
1.0	Board Meeting	Approved	May 2019
2.0	Risk Management Committee	Reviewed and Recommended	June 2020
2.0	Board	Approved	June 2020
3.0	Audit Committee	Reviewed and Recommended	June 2021
3.0	Board Meeting	Approved	June 2021

AMBIT FINVEST PRIVATE LIMITED (AFPL)	 AMBIT Finvest Pragati ke partner
Related Party Transaction Policy	

Contents

1. BACKGROUND	3
2. DEFINITIONS	3
3. APPLICABILITY	5
4. SCOPE AND PURPOSE.....	5
5. APPROVAL OF RELATED PARTY TRANSACTION	5
(A) Audit Committee Approval	5
(B) Approval of Board of Directors and Shareholder	7
(C) RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY	7
6. DISCLOSURE	8
7. REVIEW OF POLICY	8

AMBIT FINVEST PRIVATE LIMITED (AFPL)	 AMBIT Finvest Pragati ke partner
Related Party Transaction Policy	

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 Company is the subsidiary of Ambit Private Limited.

The Board of Directors of the Company has adopted the Related Transaction Policy (“Policy”) in compliance with the Companies Act 2013, and pursuant to the Reserve Bank of India circular no. DNBR.PD.008/03.10.119/2016-17.

The Policy controls transactions with the Related Parties keeping in view of the potential or actual conflicts of interest and can raise concerns 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 interests of the Company and its shareholders.

2. DEFINITIONS

“**Act**” shall mean 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 mean 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 the 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 mean Ambit Finvest Private Limited.

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

- a. Chief Executive Officer or Managing Director or manager and in their absence, a wholetime director;;
- c. Chief Financial Officer;
- d. Company Secretary;

AMBIT FINVEST PRIVATE LIMITED (AFPL)	 AMBIT Finvest Pragati ke partner
Related Party Transaction Policy	

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

“Material RPT” means any contract/ arrangement with a related party as defined under Section 188(1) of the Act, which is equal to or exceeds the limits mentioned under Rule 15(3) of the Companies (Meetings of the Board and its powers) Rules, 2014 as per the last audited financial statements of the Company.

“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” shall mean 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;

AMBIT FINVEST PRIVATE LIMITED (AFPL)	 AMBIT Finvest Pragati ke partner
Related Party Transaction Policy	

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

“Ordinary course of Business” means a transaction which is:-

- i. Carried out in the normal course of business as envisaged in the Memorandum of Association of the Company as amended from time to time;
- ii. Activities carried out in promoting and or in furtherance of the company’s business objective;
- iii. Historical practice with a pattern of frequency; or
- iv. Common commercial practice; or
- v. Meets any other parameters/criteria as decided by Board/Audit Committee

“Related Party Transaction” or (“RPT”) shall mean 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. APPLICABILITY

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions. Transactions covered by this policy include any contract or arrangement with a Related Party with respect to transactions defined hereunder as “Related Party Transaction”.

4. SCOPE AND PURPOSE

This policy is intended to ensure the proper approval and reporting of transactions as applicable, between the Company and any of its Related Party in the best interest of the Company and its Stakeholders. Provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws. This Policy shall supplement the Company’s other policies in force that may be applicable to or involve transactions with related persons. Further, the Board may amend this policy from time to time as may be required. The Audit Committee of Directors (“Audit Committee”), shall review, approve and ratify Related Party Transactions based on this Policy in terms of the requirements under the above provisions.

5. 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

AMBIT FINVEST PRIVATE LIMITED (AFPL)	
Related Party Transaction Policy	

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 Related Party List shall be updated whenever necessary and shall be reviewed at least once a year, as on 1st April every year.

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.

AMBIT FINVEST PRIVATE LIMITED (AFPL)	 AMBIT Finvest Pragati ke partner
Related Party Transaction Policy	

Such transaction shall be ratified within three month(s) from the date of entering into such transaction.

(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

AMBIT FINVEST PRIVATE LIMITED (AFPL)	 AMBIT Finvest Pragati ke partner
Related Party Transaction Policy	

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.

6. 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.

7. 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. Any exceptions to the Policy on Related Party Transactions must be consistent with the Companies Act 2013, including the Rules promulgated there under and must be approved in the manner as may be decided by the Board of Directors.