

## Keertana Finserv Private Limited

<b>Name of Policy</b>	Related Party Transactions
<b>Date of Last Approval/Review</b>	NA
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<b>Approving Authority</b>	Board of Directors
<b>Version</b>	March 2024

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## 1. INTRODUCTION

Keertana Finserv Private Limited (“Keertana” Or “Company”) is categorized under Middle Layer as per the RBI Master Direction Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023. Keertana conducts itself with highest standard of integrity and has always endeavored to follow both letter and spirit of the law. Related party transactions can present a potential or actual conflict of interest which may be against the best interest of Keertana and its shareholders. The Company does not promote any transaction which may be at variance with the established principles of Corporate Governance or which do not meet the highest standard of ethics or integrity.

In terms of the provisions of Section 188 of the Companies Act, 2013, the Company is required to follow the procedure as prescribed for conducting the Related Party Transactions. Also, Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 has prescribed that all applicable NBFCs should evolve a Related Party Transaction Policy (Policy) and disclose the same in the annual report and its website.

## 2. APPLICABILITY

Keertana Finserv Private Limited shall enter into any contract or arrangement with a related party only post obtaining a recommendation from the Audit Committee, followed by the consent of the Board of Directors or as the case may be, of the shareholders given by a resolution at a meeting of the Board with respect to the following or as may be prescribed under Section 188 of the Companies Act, 2013—

- (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:

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 a resolution in the general meeting 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 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.

**However, a transaction entered into by Keertana in its ordinary course of business other than transactions which are not on an arm's length basis shall not be covered under the ambit of the Policy.**

## 3. OBJECTIVES

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between Keertana and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

#### 4. DEFINITIONS

In this Policy, unless the context otherwise requires, following are the definitions:

- I. "Act" means Companies Act, 2013 and rules made thereunder, as amended from time to time.
- II. "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
- III. "Board" means the Board of Directors of the Company.
- IV. "Committee" means Audit Committee of the Company as constituted or reconstituted by the Board.
- V. "Company" means Keertana Finserv Private Limited.
- VI. "Directors" means Directors appointed by the Board including executive, non-executive and independent directors.
- VII. "Ordinary course of business" means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association or any other applicable statutes for the time being in force. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.
- VIII. "Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013.
- IX. "KMP" or "KMPs" means the following key managerial personnel:
  - i. Chief Executive Officer and / or Managing Director or Manager of the Company;
  - ii. Chief Financial Officer of the Company;
  - iii. Company Secretary of the Company;
  - iv. Whole Time Director of the Company; and
  - v. Such other officer of the Company as may be decided by the Nomination and Remuneration Committee.
- X. "Member" means a Director of the Company appointed as member of the Committee.
- XI. "Material Related Party Transaction" means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company "
- XII. "RBI Guidelines" means and includes Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023, RBI Notifications, Circulars and other such communications thereto
- XIII. "Relative" with reference to a Director or KMP means persons as defined under the Companies Act, 2013 and rules prescribed thereunder as below
- XIV. "Related Party" have the meaning as defined in Section 2(76) of Companies Act, 2013 and Regulation 2(1)(zb) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015
- XV. "Related Party Transaction" have the meaning as defined under Regulation 2(1)(zc) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements)

Regulations, 2015 as means transfer of resources, services or obligations between a listed entity and a related party, regardless of whether price is charged and a transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract, including but not limited to the following –

- i. sale, purchase or supply of any goods or materials;
  - ii. selling or otherwise disposing of, or buying, property of any kind;
  - iii. leasing of property of any kind;
  - iv. availing or rendering of any services;
  - v. appointment of any agent for purchase or sale of goods, materials, services, property;
  - vi. appointment to any office or place of profit in the company
  - vii. underwriting the subscription of any securities or derivatives thereof, of the company
- XVI. “Senior Management Personnel / Senior Management” means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional and departmental heads.

## **5. INTERPRETATION**

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013, or Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, Notifications, Circulars or guidelines as may be amended from time to time shall have the meaning respectively assigned to them therein.

## **6. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS**

For identification of the Related Parties, the Secretarial function shall prepare a Related Parties (RP) list basis intimations received from the Directors / KMPs or changes in corporate or investment structure. The names/ details of all RPs identified shall be consolidated as a RP List, which shall be updated on a regular basis by the Secretarial Team. The updated RP List will be shared with all relevant functions and shall be referred by the Finance Controller Team for monitoring of the transactions and ensuring compliance at their end.

Each director and Key Managerial Personnel shall be responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. The Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company’s directors and KMP shall endeavor to intimate such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

## **7. DEALING WITH RELATED PARTY TRANSACTION**

- I. All Related Party Transactions for the period, reported to the Company Secretary, shall be placed for approval / noting / ratification by the Board of Directors/ Audit Committee / as the case may be, of the Shareholders, in accordance with this Policy. To review a Related Party Transaction, the Board / Audit Committee / Shareholders will be provided with all the relevant information

pertaining to the Related Party Transaction, including the name of the related party, the nature of the relationship, nature of the transaction, whether the transaction is in the 'Ordinary Course of Business', whether the transaction is at 'Arm's Length' and/or in terms of the transfer pricing norms prescribed under the Income Tax Act, 1961 (as the case may be) and any other matter, as may be required.

## II. Loans and Advances to Directors

Unless sanctioned by the Board of Directors/Committee of Directors, Keertana shall not grant loans and advances aggregating Rupees five crores and above to-

- a. the directors (including the Chairman/Managing Director) or relatives of directors.
- b. any firm in which any of their directors or their relatives is interested as a partner, manager, employee or guarantor.
- c. any company in which any of their directors, or their relatives is interested as a major shareholder, director, manager, employee or guarantor.

**Provided that** a director or her relatives shall be deemed to be interested in a company, being the subsidiary or holding company, if she is a major shareholder or is in control of the respective holding or subsidiary company.

**Provided that** the director who is directly or indirectly concerned or interested in any proposal should disclose the nature of her interest to the Board when any such proposal is discussed. She should recuse herself from the meeting unless her presence is required by the other directors for the purpose of eliciting information and the director so required to be present shall not vote on any such proposal.

The proposals for credit facilities of an amount less than Rupees five crore to these borrowers may be sanctioned by the appropriate authority in the NBFC under powers vested in such authority, but the matter should be reported to the Board.

## III. Loans and Advances to Senior Officers of Keertana

Keertana shall abide by the following when granting loans and advances to their senior Officers-

- a. Loans and advances sanctioned to senior officers shall be reported to the Board
- b. No senior officer or any Committee comprising, inter alia, a senior officer as member, shall, while exercising powers of sanction of any credit facility, sanction any credit facility to a relative of that senior officer. Such a facility shall be sanctioned by the next higher sanctioning authority under the delegation of powers.

IV. In respect of grant of loans mentioned at above two para, Keertana shall obtain a declaration from the borrower giving details of the relationship of the borrower to their directors/senior officers for loans and advances aggregating Rupees five crore and above. NBFCs shall recall the loan if it comes to their knowledge that the borrower has given a false declaration.

V. The above-mentioned norms pertaining to loans and advances will not include loans and advances against –

- a. Government securities
- b. Life insurance policies
- c. Fixed deposits
- d. Stocks and shares
- e. Housing loans, car advances, etc. granted to an employee of the NBFC under any scheme

applicable generally to employees.

**Provided that** Company's interest/ lien is appropriately marked with legal enforceability.

- VI. All related party transaction defined/stipulated under the Companies Act, 2013 shall require prior approval of the Audit Committee / Board / Shareholders, however, in cases where transaction has been done inadvertently or due to requirement of urgency the Audit Committee / Board / Shareholders may ratify the decision. However, this ratification should be done within 3 months of the contract having taken place otherwise the transaction shall be voidable at the option of Board / Committee / as the case may be, of the Shareholders.
- VII. While considering any transaction, the Committee / Board shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.
- VIII. Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transaction entered in to by Keertana pursuant to each of the approval given. Approval given by the Audit Committee shall be valid for till revoked.
- IX. Related Party Transaction which are either not in the 'Ordinary Course of Business' or are not at 'arm's length price' and exceeds the threshold under section 188 of the companies Act, 2013 shall also require prior approval of the shareholders through special resolution.
- X. No members of the Company shall vote in a special resolution where related party contract or arrangement is being considered if such a member is a Related Party in Contract or Arrangement which is being considered.

#### **POLICY REVIEW AND AMENDMENT**

- I. The provisions of this policy shall be subject to the provisions of the Act & RBI guidelines and rules and regulations made thereunder.
- II. The policy shall be reviewed by the Board from time to time as may be necessary and may be amended or modified either whole or in part as and when necessary.
- III. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

#### **8. DISCLOSURE**

The Company shall disclose the particulars of contracts or arrangements entered with the Related Parties in such form and manner as may be required under the provisions of the Act and rules made thereunder.

The Company shall disclose in its Annual Financial Statement, the aggregate amount of such sanctioned loans and advances as per template provided in the [Annexure I](#). Furthermore, disclosures to be made in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis. In addition to the above, Keertana shall also provide details of all related party transactions on a quarterly basis to the stock exchanges.

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9. Annexure I

Loans to Directors, Senior Officers, and Relatives of Directors

INR Crore		
	Current Year	Previous Year
Directors and their relatives		
Entities associated with directors and their relatives		
Senior Officers and their relatives		