

Policy on Related Party Transactions
Manappuram Asset Finance Ltd

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Policy Owner	Secretarial Department
Review	Annually

I. INTRODUCTION:

Manappuram Asset Finance Ltd (“the Company” or “MAAFIN”) affirms good standard of governance practices and conducts its business in a fair and transparent manner duly complying with the applicable laws as in force. The Company is putting its best efforts consistently to enhance stakeholders long term value without compromising the corporate philosophy, ethics and standard of governance practices.

The Board of Directors (the “Board”) of the Company has adopted this Policy on Related Party Transactions (“Policy” or “RPT Policy”) upon the recommendation of the Audit Committee and this Policy includes the materiality threshold and the manner of dealing transactions with Related Parties in compliance with the provisions of Companies Act 2013. Through this policy, the Company endeavours to bring in more transparency in management in respect of transactions with related parties. Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

II. 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.

III. OBJECTIVE:

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company 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.

IV. DEFINITIONS:

“Audit Committee” or “the Committee” means the committee of Board of Directors of the Company constituted under the provisions of Section 177 of the Companies Act, 2013;

“Board” means Board of Directors of the Company;

“Key Managerial Personnel” means key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013;

“Relative” means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under.

V. POLICY:

The Audit Committee shall review and approve all Related Party Transactions based on this Policy.

All proposed Related Party Transactions must be presented before the Audit Committee for prior approval by the Committee in accordance with this Policy. In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre –approval / omnibus approval, details whereof are given in a separate section of this Policy.

In exceptional cases, where a prior approval is not taken due to unforeseen circumstances or due to emergent circumstances, the Committee may ratify the transactions in accordance with this Policy, for reasons recorded in writing.

V.1. Identification of Related Party and Interested Director for the Transactions:

Every Director will be responsible for providing a declaration in the prescribed format as per containing the following information to the Company on an annual basis:

Every Key Managerial Personnel other than a Director will also be required to provide the Names of his / her Relatives in the prescribed format on an annual basis.

Every Director and the Key Managerial Personnel will also be responsible to update the Company regarding any changes in the relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes.

Every Director, Key Managerial Personnel, Functional / Business heads will be responsible for providing prior Notice to the Company of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Committee / Board may request, for being placed before the Committee and the Board.

The Company Secretary in consultation with the Managing Director and CEO may refer any potential related party transaction to any external expert on legal/transfer pricing and other matters relating to the proposed transaction and the outcome or opinion of such exercise shall be brought to the notice of the Audit Committee. Based on this Notice, the Company Secretary will take it up for necessary approvals under this Policy.

V.2. Review and Approval of Related Party Transactions:

All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation. A member of the Committee who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.

2.1. Consideration by the Committee in Approving the Proposed Transactions:

While considering any transaction, the Committee 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.

Prior to the approval, the Committee may, inter-alia, consider the following factors to the extent relevant to the transaction:

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative options available, if any;
- c. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial interest or benefit to the Director, Key Managerial Personnel or other Related Party concerned, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.
- e. While considering the arm's length nature of the transaction, the Committee may take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee may also take into consideration subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

2.2. Approval by Circular Resolution of the Committee:

In the event the Company Management determines that it is impractical to wait until a meeting of the Committee to enter into a Related Party Transaction, such transaction may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval should be noted by the Committee at its next scheduled meeting and made the part of minutes of such meeting.

2.3. Approval by the Board:

If the Committee determines that a Related Party Transaction should be brought before the Board or a Related Party Transaction is not in the Ordinary Course of Business or not at Arms' Length or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above for the Audit Committee will apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

2.4. Standing Pre-Approval / Omnibus Approval by the Committee:

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company or approved earlier by the Committee, the Committee may grant standing pre-approval / omnibus approval. While granting the approval the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company.

V.3. Disclosure and Reporting of Related Party Transactions:

Every Related Party Transaction entered into by the Company shall be referred to in the Board's Report to the shareholders along with justification for entering into such transaction.

VI. DISSEMINATION OF POLICY:

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational heads and other concerned persons of the Company.