Related Party Transaction Policy

Digamber Capfin Limited

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INTRODUCTION

The Companies Act, 2013 ("the Act") read with the Companies (Meeting of Board and its Power) Rules, 2014 ("Rules") introduced specific provisions relating to Related Party Transaction and defined the term related parties, related party transaction, relatives, key management personnel. The Act and the rules have also laid down the financial limits and the approval process of such transaction.

Accordingly, the Board of director (the "Board") of Digamber Capfin Limited ("The Company") has adopted a policy to regulate transaction between the Company and Related Parties.

A company, in the course of conduct of its business, enters into various transactions with different parties, including its related parties. Companies also carry on their activities through subsidiary and associate companies. Accordingly, related party relationships are a normal feature of business. Due to this relationship, related parties may enter into transactions that unrelated parties may not. For this the board of directors ("Board") of Digamber Capfin Limited ("The Company") has adopted the said Related Party Transactions Policy.

SCOPE AND PURPOSE

This Policy is formulated in line with the provisions of the Companies Act, 2013 and Directions issued by Reserve Bank of India. It is intended to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its related parties.

DEFINITIONS

1. "Act" means the Companies Act, 2013 or any previous enactment thereof and shall include all rules, regulations, made thereunder, amendments, modifications and re-enactments thereto.

2. "Arm's Length Transaction" as per explanation to sub-section (1) of Section 188 of the Act term 'arm's length transaction' as a transaction between two related parties that is conducted as if they were unrelated so that there is no conflict of interest.

   In terms of Section 92F of the Income-tax Act, 1961, "arm's length price" meansa price which is applied or proposed to be applied in a transaction between persons other than associated enterprises, in uncontrolled conditions.

3. "Articles" or "AOA" means the Articles of Association of the Company as may be amended from time to time as prescribed under the Transaction Documents.

4. "Audit Committee" means "Audit Committee" constituted by the Board of Directors of the Company under section 177 of the Act and in compliance with Articles, from time to time.

5. "Board of Directors" or "Board" means the Board of Directors of the Company, as constituted from time to time.

6. "Director" shall have the same meaning as prescribed to it under the act.

7. "Key Managerial Personnel (KMP)" means as per section 2(51) of the companies act 2013 in relation to a company, means—

(i) The Chief Executive Officer or the managing director or the manager;
(ii) The Company Secretary;
(iii)The whole-time director;
(iv) The Chief Financial Officer;
(v) 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
(vi) Such other officer as may be prescribed

8. "Ordinary Course of Business" in relation to the Company means the ordinary course of business, as applicable, consistent with past practice and compliant with Applicable Laws in all material respects or to the extent required to taken in compliance with statutory obligations or contractual obligations existing as of the date hereof or entered in accordance with the terms of the Transaction Documents;

9. "Person(s)" shall mean an individual, corporation, partnership, limited liability partnership, association, trust or other entity or organisation, including a government or political subdivision or an agency or instrumentality thereof.

10. "Policy" means this policy in relation to Related Party Transactions of the Company.

11. "Related Party" means such party with reference to a company as defined in Section 2(76) of the Act.

12. "Related Party Transaction" means contracts or arrangements between a company and its related parties with respect to transactions covered in Section 188 of the Act. The expression 'contract or arrangement' has different

connotations under the Act. While 'contract' envisages a written /formal binding document, 'arrangement' may be with or without a written document.

A "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Words and expression used in this policy but not defined herein shall have the meaning prescribed to them in the Companies Act, 2013 and the Rules framed there under as amended from time to time.

DEALING WITH RELATED PARTY TRANSACTIONS

All Related Party Transactions (other than transactions between the Company and its wholly owned subsidiaries) which are in the ordinary course of business and on arm's length basis shall require approval of the Audit Committee of the Company in accordance with this Policy.

Apart from this, All Other related party transactions shall be dealt with in accordance of the prevailing provisions of Companies Act, 2013 and rules made thereunder.

IDENTIFICATION OF RELATED PARTY TRANSACTIONS

All Related Party Transactions shall be placed before the Audit Committee of the Company for its approval.

All Directors, Members of the Management and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest (including interest at their Relatives) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year, immediately on occurrence (As per enclosed Annexure).

Further, Directors and KMPs should disclose to the Board whether they, directly, indirectly, or on behalf of third parties, have material interest in any transaction or matter directly affecting the Company.

REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

All Related Party Transactions must be reported to the Company Secretary who shall place the same before the Audit Committee in accordance with this Policy.

The Audit Committee may grant omnibus approval to Related Party Transactions that are:

a. repetitive in nature; and
b. entered in the ordinary course of business and on arm's length basis.

Such omnibus approval may be granted to the transactions which, in addition to meeting the above criteria, also satisfy the following considerations:

a) The transaction in question is necessary to be executed as it is in the business interest of the Company;

b) The requisite information is presented to the Audit Committee's satisfaction to confirm that the transaction is entered in the ordinary course of business and on arm's length basis;

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 value and the formula for variation in the value, if any and
   iii. such other conditions as the audit committee may deed fit;

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

e) Any member of the Audit Committee, who has an interest in any Related Party Transaction, will recuse himself or herself and abstain from discussion or voting on the approval or ratification of such related party transaction;

f) All Related Party Transactions that are not in the ordinary course of business or not on arm's length basis shall be referred to the Board of Directors for their approval. Any member of the Board who has an interest in such Related Party Transaction will recuse himself or herself and abstain from discussion or voting on the approval of such Related Party Transaction.

g) Any such Related Party Transactions shall also be placed for prior approval of shareholders if it exceeds the thresholds as prescribed under the Companies Act, 2013 and the Rules framed there under and the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 if applicable.

h) All entities falling under the definition of related parties shall not vote to approve the said resolution being placed before the shareholders.

RELATED PARTY TRANSACTIONS THAT SHALL NOT REQUIRE APPROVAL

Following Related Party Transactions shall not require any separate approval under this Policy:

I. Any transaction pertaining to appointment and remuneration of Directors and KMPs that require approval of the Nomination and Remuneration Committee of the Company and the Board;
II. Transactions that have been approved by the Board under the specific provisions of the Companies act, 2013 e.g., inter-corporate deposit, borrowings, investment etc. with or in wholly owned subsidiaries or other related parties;
III. Payment of Dividend;
IV. Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off etc. which are approved by the board and carried out in accordance with the specific provisions of the companies' act, 2013;
V. Contribution towards Corporate Social Responsibility (CSR) within the overall limits approved by the Board that require approval of the CSR Committee.

RATIFICATION OF TRANSACTION WITH RELATED PARTY

Where a company enters into any related party transaction without prior approval of Audit Committee, the company may ratify such transaction within three months to avoid any penal consequences.

DISCLOSURE OF RELATED PERSON BY KMP/DIRECTORS OF THE COMPANY

Every KMP/Directors of the company shall provide the complete details of their relatives in terms of section 2(77) of the act and their concern or interest in any company/firm/LLP or any other entity in the format as annexed **"ANNEXURE-1"**at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change for the purpose of identification of related party transaction as per provisions of section 188 of the act.

AMENDMENTS TO THE POLICY

The Audit Committee of the Company shall review this Policy from time to time, and may recommend amendments to the same for approval of the Board.

In case of any amendment(s), clarification(s), circular(s), etc. issued by the relevant authorities not being consistent with the provisions laid down in this policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions herein and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

POLICY REPEALABLE

I. This Policy constitutes the entire document in relation to its subject matter. In the event that any term, condition or provision of this Policy being held to be a violation of any Applicable Law, statute or regulation, the same shall be Repealable from the rest of this Policy and shall be of no force and effect, and this Policy shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Policy.

II. This Policy shall be placed on the website of the Company at **https://www.digamberfinance.com/code.php**

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ANNEXURE-1

DISCLOSURE OF DETAILS OF RELATIVES AS PER SECTION 2(77) OF THE COMPANIES ACT, 2013

Name of Person:

Designation:

The details of my relatives are as under:

Sr. No.	Name of Relative	Relationship	PAN Number /Other Identification No.	Entities in which the relative is a self-proprietor/ partner or Member/ Director of a Private Company	Entities in which the director together with his relative(s) holds more than 2% of the paid-up share capital of a public limited company of which the director is also a director
1.					
2.					
3.					

Date:
Place: **(Signature)**

Digamber Capfin Limited

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