

**Related Party Transaction Policy  
of  
SAKTHI FINANCE LIMITED  
(As modified by Board of Directors on 29th March 2022)**

## 1 PREFACE

- 1.1 Sakthi Finance Limited or the Company ("**SFL**" or "**the Company**") believes in the conduct of its affairs in a fair and transparent manner by adopting the highest standards of professionalism, transparency, honesty and integrity.
- 1.2 Section 188 of the Companies Act 2013 ("**the Act**") and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015 ("**Listing Regulations**") provides that a listed Company shall formulate a policy on materiality of related party transactions and also on dealing with Related Party Transactions.
- 1.3 Company understands the importance of stake holder's confidence and trust in the Company. In order to preserve it with transparency and to ensure that there is no conflict of interest causing any apprehension in the minds of its stakeholders, the Board of Directors of the Company, based the recommendations of its Audit Committee ("**the Committee**"), has proposed to adopt a policy and procedures with respect to Related Party Transactions ("**RPT Policy**") of the Company.
- 1.4 The Related Party Policy will be placed on the Company's website at **www.sakthifinance.com**.

## 2 PRIMARY OBJECTIVE

- 2.1 The primary objective of the policy is not only to be in the best interests of its stakeholders but also in due compliance with the requirements of the Act and other applicable laws of the country. Further, as per Regulation 23 of the Listing Regulations, a policy needs to be formulated to deal with Related Party Transactions including a policy on material Related Party Transactions. This policy, therefore, lays down the mechanism to deal with Related Party Transactions.

## 3 DEFINITIONS

For the purpose of this policy:

- 3.1 "**Act**" means the Companies Act 2013.
- 3.2 "**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.
- 3.3 "**Listing Agreement**" means the Equity Listing Agreement entered into by the Company with the respective Stock Exchanges in which the company's shares and debentures are listed.
- 3.4 "**Material Related Party Transactions**" would mean contracts or arrangements as prescribed under Rule 15 of the Companies (Meetings of Board and its Powers) Rules 2014 and in explanation to Regulation 23(1) of the Listing

Regulations requiring shareholders' approval. (For the purpose of clarification a transaction with a related party shall be considered material if the transaction(s) entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual turnover of the Company as per the last audited financial statement of the Company)

- 3.5 "Material Modification"** means modification to an approved RPT resulting in a variation by more than 50% in the approved value or quantity of the RPT.
- 3.6 **"Related Party"** is a party as defined in sub-section (76) of Section 2 of the Act or a related party as per applicable Accounting Standards.
- 3.7 **"Related Party Transaction"** or **"RPT"** means transactions as given under clause (a) to (g) sub-section (1) of Section 188 of the Act and as defined in Regulation 2(zc) of the Listing Regulations. These include sale, purchase, leasing or supply of goods or property, availing / rendering of any services, appointment of agents for any of the above and underwriting of securities and transfer of resources, service or obligations, regardless of whether a price is charged or not, other than specifically exempted.

#### **4 APPROVAL OF TRANSACTIONS BY AUDIT COMMITTEE**

- 4.1 All RPT's shall require prior approval of Audit Committee of the Company irrespective of its materiality. The Audit Committee shall also approve any subsequent modification of RPT's.
- 4.2** Only those Members of the Audit Committee who are Independent Directors shall approve RPTs.
- 4.3 The Audit Committee shall consider the following while determining prior approval to an RPT:
- 4.2.1 Nature of relationship with related party;
  - 4.2.2 Nature, material terms, monetary values and particulars of the contract or arrangement;
  - 4.2.3. Method and manner of determining the pricing and other commercial terms;
  - 4.2.4 Whether the transaction is at arm's length; and
  - 4.2.5 Any other information relevant or important for the Audit Committee / Board to take a decision on the proposed transaction.
  - 4.2.6 The Audit Committee can grant omnibus approval for RPTs proposed to be entered into by the Company subject to the following conditions:
    - 4.2.6.1 Transactions which are repetitive in nature or at regular intervals
    - 4.2.6.2 Transactions are in arm's length basis and are in the ordinary course of business.
    - 4.2.6.3 Such approval should be in the best interest of the Company.
    - 4.2.6.4 Details of related parties, nature of transactions, period of transaction and the maximum amount of transactions are to be

specified.

4.2.6.5 The indicative base price/current contracted price and the formula for variation in price, if any, should be specified.

4.2.6.6. The aggregate transaction value per annum should be not more than ₹ 100 lakhs, in case where the need for the related party transactions cannot be foreseen and the above details are not available.

4.2.6.7 The omnibus approval should be for a period not more than one year.

4.2.6.8 Details of RPTs are to be reviewed on quarterly basis.

## **5 APPROVAL OF TRANSACTIONS BY BOARD**

5.1 The Board will approve all RPT's which are not on arm's length basis or which are not in the ordinary course of business and which are within the threshold limit as specified in Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules 2014.

## **6 APPROVAL OF TRANSACTIONS BY BOARD AND MEMBERS**

6.1 All Material Related Party Transactions which are within the scope of Section 188 (1) of the Companies Act 2013 read with Rule 15(3) or Regulation 23 of the Listing Regulations would require prior approval of the members, based on the recommendation of the Board, through a resolution. No Related Party Shall vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

## **7 DISCLOSURE BY INTERESTED DIRECTORS**

7.1 Every Director and Key Managerial Personnel ("**KMP**") of the Company shall disclose his concern or interest in any company or companies or bodies corporate (including shareholding interest), firms or other association of individuals, by giving a notice in writing.

7.2 Every Director and KMP of the company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement being discussed at the meeting of the Board, such Director /KMP shall disclose his concern or interest at the meeting of the Board in which such contract or arrangement is discussed and shall not participate in such meeting.

## **8 OTHER DISCLOSURES**

8.1 Appropriate disclosures as required under the Act and the Listing Regulations will be made in the Annual Return, Board's Report to the Stock Exchanges and

Publish the same in the Company's Website.

- 8.2 In case the Company borrow NCDs by way of Public Issue (listed NCDs) in excess of ₹ 500 crores, our Company will file with BSE Limited, the details of Related Party Transactions along with the Unaudited Financial Results of the Company.

## **9 REVIEW OF THE POLICY**

- 9.1. The RPT Policy will be reviewed from time to time by Board at least once in every three years in accordance with the regulatory requirements.