

DVARA KSHETRIYA GRAMIN FINANCIAL SERVICES PRIVATE LIMITED

Reg. Off.-IIT-M Research park, Phase I, 10th Floor, Kanagam Village, Taramani, Chennai - 113

CIN: U65991TN1993PTC024547

DVARA KSHETRIYA GRAMIN FINANCIAL SERVICES PRIVATE LIMITED	
POLICY	Related Party Transaction Policy
VERSION	2.0
DATE OF APPROVAL OF BOARD	May 12, 2015
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PROCESS OWNER	Secretarial

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VERSION

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Version 1.0	May 12, 2015
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Version 2.0 – Annual Review	November 02, 2022

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RELATED PARTY TRANSACTIONS POLICY

1. OBJECTIVE

This Policy will ensure that related party transactions of the Company are carried out in a transparent manner i.e. in ordinary course of business and at arm's length basis as per the legal provisions. This policy also aims at providing guidance in situations of potential conflict of interest and compliance matters relating to related party transactions.

This policy has been framed in order to comply with the requirements of Reserve Bank of India (RBI) Master Circular no. RBI/2015-16/12 DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 01, 2015 on "Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015". This policy will guide the Company to effectively comply with the provisions of Companies Act, 2013, Accounting standards as issued by Institute of Chartered Accountants of India, Income tax Act and such other statutes as may be put in place, in relation to Corporate Governance and Related Party Transactions.

In order to comply with these requirements and as a good Corporate Governance practice, this policy on Related Party Transactions is adopted for implementation by the Board of Directors (the "Board") of Dvara Kshetriya Gramin Financial Services Private Limited (the "Company").

2. SCOPE

This policy shall be applied in:

- a. Identifying related parties, updating and maintaining the database of such persons/entities;
- b. Ascertaining that the transactions entered with the related parties are in 'ordinary course of business' and at 'arm's length basis';
- c. Identifying related party transactions;
- d. Obtaining approvals before entering into any related party transactions;
- e. Determining the disclosures / compliances to be adhered in relation to the related party transactions.

3. DEFINITIONS

- a. **"Arm's Length Transaction / Basis"** means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- b. **"Ordinary Course of Business"** shall mean the usual transactions, customs and practices carried on generally by the Non Banking Financial Companies and shall include:
 - i. transactions covered in the 'main objects' or the 'objects incidental' to attainment of the main objects as envisaged in the Memorandum and Articles of Association of the Company,
 - ii. transactions which are usually carried on by any Non Banking Financial Company
 - iii. transactions done with a related party on a similar basis as of a third party,

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- iv. transaction or activity that is necessary, normal, regular and incidental to the business and involves significant amount of money or managerial resources that generates income for the Company.

4. IDENTIFICATION OF RELATED PARTY AND RELATED PARTY TRANSACTIONS

- a. If a Director, Key Managerial Personnel ('KMP') wishes to enter into a related party transaction with the Company involving either him/her or his/her relative, they shall give a notice to the Company along with all relevant details and documents.
- b. Notice of any related party transactions, referred above shall be given well in advance so that the Company has adequate time to obtain additional information or documents about the proposed related party transactions, if necessary, which is required to be placed before the Audit Committee to enable it to approve the said transactions.
- c. Every Director shall make an annual disclosure as required under Section 184(1) of the Companies Act, 2013 read with applicable rules made there under as may be amended from time to time.
- d. Every Director shall also promptly intimate any change in the annual disclosures mentioned above.

5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

5.1 Approval of the Audit Committee:

- A. Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by way of circulation. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following guidelines:

- (i) Audit Committee shall consider following factors/ criteria for granting omnibus approval, which shall include the following:

(ii)

Sl. No	Particulars	Details
1	Repetitiveness of the transactions (in past or future);	More than One
2	Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;	As determined by Audit Committee from time to time
3	Review, at such intervals as the Audit Committee may deem fit, Related Party Transactions entered into by the Company pursuant to each of the omnibus approval made;	At least annually
4	Transactions which cannot be subject to the omnibus approval by the Audit Committee.	As per this Policy including provision of Clause 5.1 (C)

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5	Justification for the need of omnibus approval and in the interest of the Company.	Repetitive nature, Interest of Company and Administrative Convenience
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- (ii) The omnibus approval given by the Audit Committee shall specify (i) the name/s of the related party, (ii) nature of transaction/relationship, (iii) duration/period of transaction, (iv) maximum amount of transaction that can be entered into (v) the indicative base price/current contracted price and the formula for variation in the price if any, (vi) material terms of the contract with value, if any, (vii) Name of the Interested Party/Director, (viii) brief particulars of the contract, and (ix) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.
- (iii) The omnibus approval shall be valid for a period of one (1) financial year and shall require fresh approval after expiry of such financial year.
- (iv) In determining whether to approve a Related Party Transaction, the Audit Committee shall consider (among other aspects it deems relevant), if there are clearly demonstrable reasons from the Company's business point of view, to enter into a transaction with a Related Party.

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, Audit Committee may make omnibus approval for such transactions subject to their value not exceeding rupees One Crore per transaction.

- (B) Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the related party transaction.
- (C) Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:
 - i) Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
 - ii) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
 - (iii) Transaction(s) as listed below undertaken by the Independent Director with the Company or its holding, subsidiary, or associate company or their promoters or directors during the year:
 - a) transaction(s) done in Ordinary Course of Business and at arm's length;
 - b) receipt of remuneration by way of sitting fees;

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- c) reimbursement of expenses for attending board and other meetings;
- d) any profit related commission as approved by members.

In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy, subject to compliance with the applicable legal provisions.

5.2 Approval of the Board of Directors:

(A) The following related party transactions shall be placed before the Board of Directors for approval, after the approval of the Audit Committee:

- (i) Related party transactions referred by the Audit Committee;
- (ii) Related party transactions **not** on arm's length basis, and/or;
- (iii) Related party transactions **not** in the ordinary course of business.

(B) The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose-

- (i) the name of the related party and nature of relationship;
- (ii) the nature, duration of the contract and particulars of the contract or arrangement;
- (iii) the material terms of the contract or arrangement including the value, if any;
- (iv) any advance paid or received for the contract or arrangement, if any;
- (v) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- (vi) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- (vii) any other information relevant or important for the Board to take a decision on the proposed transaction in line with the applicable legal requirements.

(C) Any Director interested in any contract or arrangement with a related party can participate in the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement after disclosing his/her interest.

5.3 Approval of the Shareholders:

(A) Any related party transaction which is not in the ordinary course of business and/or not on arm's length basis, and crosses prescribed threshold limit for as per Companies Act, 2013 will require prior approval of the Shareholders.

(B) The explanatory statement to be annexed to the notice of a general meeting convened shall contain the following particulars namely:

- (i) Name of the related party
- (ii) Name of the director or key managerial personnel who is related, if any;
- (iii) Nature of relationship;
- (iv) Nature, material terms, monetary value and particulars of the contract or arrangement;

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- (v) Any other information relevant or important for the members to take a decision on the proposed resolution.

The approval policy framework is given below:

Audit Committee Approval	Board Approval	Shareholders' Approval
All Related Party Transactions except items mentioned in 5.1 (C) above.	Related Party Transactions referred by Audit Committee for approval of the Board. Related Party Transactions not in the ordinary course of business and not on arm's length relationship.	Approval by Ordinary resolution for Related Party Transactions not in Ordinary Course of Business and/or not at Arm's length basis and/or crosses prescribed threshold limit as per Companies Act, 2013

6. DECISION REGARDING TRANSACTIONS IN ORDINARY COURSE OF BUSINESS AND AT ARM'S LENGTH

The Audit Committee or the Board shall after considering the materials placed before them judge if the transaction is in the ordinary course of business and meets the arm's length requirements.

7. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding such Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action as it deems appropriate.

In case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescinding of such transaction.

In case the Company is not able to take prior approval from the Audit Committee, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

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8. POLICY REVIEW

This Policy shall be reviewed by the Audit Committee /Board every year, in order to align with the on-going regulatory and business requirements.

9. DISCLOSURE

Appropriate disclosures as required by the Companies Act, 2013 and Reserve Bank of India will be made in the Annual Return and the Board's Report of the Company. This Policy shall be disclosed on the website of the Company.