

# **RELATED PARTY TRANSACTION POLICY**

## **EXPLICIT FINANCE LIMITED**

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**OBJECTIVE:**

This Related Party Transaction Policy (hereinafter referred to as '**the Policy**') has been formulated with a view to ensure due identification, determining threshold, materiality, manner of dealing, approval, disclosure and reporting of transactions between the Company and its Related Parties in compliance with the requirements of Section 188 of the Companies Act, 2013 read with relevant rules framed thereunder and is also intended to cover Related Party Transaction aspect of Clause 49 of the Listing Agreement with Stock Exchanges (including any amendment thereof, from time to time).

#### **DEFINITIONS:**

**"Act"** means the Companies Act, 2013 including any amendment or modification thereof.

□ **"Audit Committee"** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 read with relevant rules framed thereunder and Clause 49 of the Listing Agreement with the Stock Exchanges as may be applicable.

**"Board"** means Board of Directors of the Company.

**"Company"** means Explicit Finance Limited

□ **"Material Related Party Transactions"** shall mean a transaction as defined as material in Clause 49(VII) of the Listing Agreement or any other law or regulation including any amendment or modification thereof, as may be applicable.

□ **"Related Party"** a means related party as defined under section 2(76) of the Companies Act, 2013 read with relevant rules framed thereunder and as per Clause 49(VII) of the Listing Agreement including any amendment or modification thereof, as may be applicable.

□ **"Related Party Transaction"** means such transactions as specified under Section 188 of the Companies Act, 2013 read with relevant rules framed thereunder and Clause 49(VII) of the Listing Agreement including any amendment or modification thereof, as may be applicable.

□ **"Relative"** means a related party as defined under section 2(77) the Companies Act, 2013 read with relevant rules framed thereunder including any amendment or modification thereof, as may be applicable.

□ **"Transaction"** shall have the same meaning as assigned to it under Clause 49(VII) of the Listing Agreement including any amendment or modification thereof, as may be applicable.

#### **POLICY MECHANISM:**

##### **PRIOR APPROVAL OF AUDIT COMMITTEE:**

The Audit Committee shall review and approve all Related Party Transactions based on this Policy. All proposed Related Party Transactions must be reported to the Audit Committee for prior approval by the Committee in accordance with this Policy.

##### **OMNIBUS APPROVAL OF AUDIT COMMITTEE:**

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

□ The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.

□ The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;

□ 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 base price / current contracted price and the formula for variation in the price if any and

(iii) such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

□ Audit Committee shall review, atleast on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.

□ Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

#### **SHAREHOLDER'S APPROVAL FOR MATERIAL RELATED PARTY TRANSACTIONS:**

All material Related Party Transactions shall require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions. All entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

However, the requirement for seeking approval of shareholders at general meeting shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

#### **RATIFICATION OF RELATED PARTY TRANSACTIONS:**

If prior approval of the Audit Committee / the Board / General Meeting by way of Special Resolution for entering into a Related Party Transaction / contract or arrangement is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee / the Board / General Meeting by way of Special Resolution, if required, within three months of entering into the Related Party Transaction. However, if the contract or arrangement is not ratified by the Audit Committee / 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 shall be voidable at the option of the Board.

Related Party Transaction that has been commenced without approval, the Audit Committee or Board or the general meeting, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation of the transactions, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee / Board has authority to modify or waive any procedural requirements of this Policy.

In determining whether to approve or ratify a Related Party Transaction, the Audit Committee / Board may take into account, among other factors it deems appropriate, whether the Related Party Transaction

is on a term no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the Related Person's interest in the transaction.

**DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS:**

- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.
- The Company shall disclose all such Related Party Transactions, as may be required, in the Board's Report to shareholders of the Company along with the justification for entering into contract or arrangement. The Company shall keep one or more registers, as required, giving separately the particulars of all contracts or arrangements with any related party.

**AMENDMENTS:**

The Board of Directors of the Company reserves the right to amend or modify this Policy in whole or in part, at any point of time.