

**Protium Finance Limited**

**Policy For Related Party Transactions**

**Version: 2.0**

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## PRELUDE

Protium Finance Limited (PFL) recognizes that related party transactions may have potential or actual conflicts of interest and may raise questions whether such transactions are consistent with the Company's & its shareholders' best interest and in compliance to the provisions of the Companies Act, 2013 ("Act") and Master Direction – Non Banking Financial Company – Systemically Important Non- Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 ("Directions").

Amendments, from time to time, to the Policy, if any, shall be considered by the Board of Directors of the Company based on the recommendations of the Audit Committee.

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.

## OBJECT

The Policy intends to define a governance framework for proper approval and reporting of transactions between Protium Finance Limited and its Related Parties. The Company is required to disclose each year in the Financial Statements and the Board Report all material transactions between the Company and Related Parties. The Company is also required to disclose the Policy on dealing with Related Party Transactions on its website and a web link thereto to be provided in the Annual Report.

## DEFINITIONS

**Annual Consolidated Turnover** is defined as Total Income (i.e. Interest earned plus Other Income) of the last audited Consolidated Financial Statements of the Company.

**Audit Committee** means the Audit Committee of Board of the Company.

**Arm's length basis** means a transaction between two related parties that is conducted as if they were unrelated so that there is no conflict of interest. For determination of arm's length basis, guidance may be taken from the provisions of Transfer Pricing under the Income Tax Act, 1961.

**Board** means Board of Directors of the Company. **Control** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 / Section 2(27) of the Act.

"Key Managerial Personnel" or "KMPs" means key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director, or Chief Executive Officer or Manager;
- (ii) Whole Time Director;
- (iii) Company Secretary;
- (iv) 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; or
- (vi) Such other officer as may be prescribed.

**Material Related Party Transaction** means a transaction with a Related Party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013 from time to time.

**Related Party:** An entity shall be considered as related to the Company if Such entity is a related party under Section 2(76) of the Companies Act, 2013; or Such entity is a related party under the applicable Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

**Related Party Transaction(s) or RPT** means a contract or arrangement with a Related Party as provided under Section 188 (1) of the Companies Act,2013 and/or applicable Accounting Standards issued by the ICAI made thereunder, as amended from time to time.

## **IDENTIFICATION OF RELATED PARTIES**

Each Director and Key Managerial Personnel of Company or subsidiary Company is responsible for providing Notice to the Board or Audit Committee of any potential related party transaction involving him/her or his/ her relatives, including any additional information about transactions that the Board or Audit Committee may request. The Board shall record the disclosure of interest and Audit Committee will determine whether the transaction requiring compliance with this policy. The Company strongly prefers to receive such notice of any potential related party transaction well in advance so that Audit Committee has adequate time to obtain and review information about the proposed transaction.

## **REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS**

- Every related party transaction shall be subject to the prior approval of the Audit Committee at a meeting. Provided that only those members of the Audit Committee, who are Independent Directors, shall approve such related party transactions. Further, 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.
- However, the Audit Committee may grant omnibus approval for recurring transactions with related parties, in compliance with requirements of the Act. The Audit Committee shall review / note on a quarterly basis the details of such related party transactions entered by Protium Finance Limited pursuant to each of the omnibus approval given. The omnibus approval shall be valid for a period of one year.
- Where the need for related party transaction cannot be foreseen and requisite details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.
- The Audit Committee shall determine whether the transaction does, in fact, constitute a related party transaction requiring compliance with this Policy.

**Approval Matrix for related party transaction is, as under:**

<b>Audit Committee Approval</b>	<b>Board Approval</b>	<b>Shareholders' Approval</b>
All related party transactions be Approved vide a resolution or covered under the Omnibus approval mechanism.	Related Party transactions referred by Audit Committee for approval of the Board Related party transactions, to be approved by the Board, as required under the applicable Law / Regulations applicable to the Company related Party transactions requiring shareholders' approval	Approval by resolution for: Material related party transactions not in Ordinary Course of Business or not on Arm's length basis and crosses threshold limit as prescribed under the Act / Regulations applicable to the Company.

**Wholly owned subsidiary:**

- The shareholders' approval for related party transactions with the holding Company is not required for the wholly owned subsidiary Company, whose accounts are consolidated with such holding Company and placed before the shareholders at general meeting for approval.

**REPORTING OF RPTS**

Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering such contract or arrangement.

**RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

In the event the company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the Company would obtain post facto approval from the Audit Committee.

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.

The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transactions and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transactions. In any 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 rescission of the transaction. 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.

## **CONSEQUENCES ON RELATED PARTIES**

Section 188 (3) of the Companies Act 2013 provides as under:

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under sub-section (1) and if it is not ratified by 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 or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

## **REVIEW OF THE POLICY**

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically and appropriate recommendations shall be made to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.