

BHANIX FINANCE AND INVESTMENT LIMITED

RELATED PARTY TRANSACTIONS POLICY

Adopted / Amendment Date by Board	Reviewed By	Approved By	Version No	Last Review Date
28 th February 2024	Chief Financial Officer	Chief Executive Officer	2	April 21, 2022

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1. BACKGROUND

Bhanix Finance and Investment Limited (hereafter referred to as 'BFIL' or 'the Company') is a public limited company registered under the Companies Act 1956 and licensed as a Non-Deposit Taking Non-Banking Financial Company Middle Layer (NBFC-ND-ML) by the Reserve Bank of India ("RBI") as per Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions.

The Board of Directors of the Company has adopted the Related Party Transaction Policy (Policy) in compliance with the Companies Act, 2013 and pursuant to the Reserve Bank of India directives.

The Policy governs the transactions with the Related Parties keeping in view the potential or actual conflicts of interest and may pose questions upon the transactions entered into by the Company with related parties and whether such transactions are consistent with the Company's and its shareholder's interest and also in compliance with the laws applicable to the Company. Such transactions shall be considered appropriate only if they are in the best interest of the Company and its shareholders.

2. DEFINITIONS

- a. **'Act'** shall mean the Companies Act, 2013 and the Rules framed thereunder including amendments, re-enactments, modifications, notifications, circulars and orders from time to time.
- b. **'Arm's Length Basis'** shall mean the transaction entered into between two related parties as if they were unrelated to avoid any conflict of interest; and, the term 'arm's length' shall be construed accordingly.
- c. **'Audit Committee' or 'Committee'** means the Audit Committee of the Company as constituted by the Board.
- d. **'Board of Directors' or 'Board'** shall mean the Board of Directors of the Company.
- e. **'Key Managerial Personnel' (KMP)** means:
 - i. Chief Executive Officer or Managing Director
 - ii. Whole-Time Director
 - iii. Chief Financial Officer
 - iv. Company Secretary
 - v. Such other officer, not more than one level below a Director who is in whole-time employment and designated as key managerial personnel by the Board; and
 - vi. Such other officer as may be prescribed, from time to time.
- f. **'Relative'** shall mean the term as defined under the relevant applicable section of the Companies Act, 2013 read with the Companies (Specification of Definitions Details) Rules, 2014.
- g. **'Related Party'** A Related Party shall have the same meaning as defined under Section 2(76) of the Act and the Rules made thereunder and the applicable Accounting Standards.

As per Section 2(76) of the Act, a Related Party with reference to a company means:

- i. A director or his relative
- ii. A key managerial personnel or his relative
- iii. A firm, in which a director, manager or his relative is a partner
- iv. A private company in which a director or manager or his relative is a member or director
- v. A public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital
- vi. Any body corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with the advice, directions or instructions of a Director or Manager.
- vii. Any person on whose advice, directions or instructions a Director or Manager is accustomed to act.
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity.
- viii. Any body corporate which is –
 - a) A holding, subsidiary or an associate company of such company
 - b) A subsidiary of a holding company to which it is also a subsidiary; or
 - c) An investing company or the venturer of the company;"

Provided that nothing in sub-clauses (viii) shall apply to the transaction as mentioned under Section 188 (1) (a to g);

Note: The above clause (viii) shall not be applicable for the transactions mentioned in clause (a) to (g) of sub-section (1) of Section 188 of the Act – vide Notification dated June 5, 2015, issued by the Ministry of Corporate Affairs.

- ix. Such other person as may be prescribed.
- h. **‘Related Party Transaction’ or (‘RPT’)** shall mean any transaction or contract or arrangement with a related party as defined under Section 188 of the Act and the Rules made thereunder and the Accounting Standards and as per Section 177 of the Companies Act, 2013 and Rules framed thereunder. The approval of the Audit Committee is required for any transactions of the Company with related parties including any subsequent modification thereof. Further, the Audit Committee may provide omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be required under the Companies Act, 2013 and Rules framed thereunder, RBI Directives and other applicable law.

3. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

In order to identify the related party, the following must be noted:

- 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 read with the Rules framed thereunder; or
 - Such entity is a related party under the applicable accounting standards.

- Key Managerial Personnel and connected Related Parties: Each Director and Key Managerial Personnel shall at the beginning of the financial year disclose to the Board of Directors of the Company their related parties and disclose any changes thereto during the financial year as immediately as practicable. The Company shall also identify related party transactions, if any, with Directors or Key Managerial Personnel of the holding company/ies or their relatives.
- The Company will identify the potential transactions with the related parties as defined under this Policy.

4. APPROVAL OF RELATED PARTY TRANSACTIONS

- **Audit Committee Approval:**

Related Party Transactions shall be approved by the Audit Committee, as may be required in terms of the provisions of the Companies Act, 2013. To review a related party transaction which requires approval of the Audit Committee, the Audit Committee will be provided with all relevant material information to assist it in deciding whether or not to approve the transaction.

The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature subject to the following conditions:

- The Audit Committee shall satisfy itself on the need for omnibus approval and whether such approval is in the interest of the Company;
- Omnibus approval shall be valid for a period not exceeding 1 (one) financial year and shall require fresh approval after the expiry of such financial year;
- The omnibus approval shall contain the name(s) of the related party(ies), the nature and duration of the transaction, the maximum amount of transaction that can be entered into, the indicative base price or current contracted price and the formula for variation in the price (if any), and such other conditions as the Audit Committee may deem fit; Provided that where the need for a related party transaction cannot be foreseen and the aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.
- Omnibus approval shall not be provided for transactions in respect of –
 - (i) Selling or disposing of the undertaking of the Company;
 - (ii) Transactions which are not in the interest of the Company
 - (iii) Such other transactions specified under the applicable laws from time to time
 - (iv) Transactions which are not in the ordinary course of business or not at arm's length.
 - (v) Transactions which are not repetitive or unforeseen in nature.
 - (vi) Inter-corporate loans given/taken by the Company to/from related parties and purchase/sale of investments from/to related parties
 - (vii) Transactions in respect of sale or disposal of the undertaking of the Company.

- (viii) Any other transaction as may be specified by the Audit Committee.
- The Audit Committee in its meeting shall review the details of the related party transactions entered into by the Company pursuant to each of the omnibus approvals. In an unforeseen event where an RPT needs to be entered into due to business exigencies between two Audit Committee meetings, the Audit Committee may approve such RPT by passing a resolution by circulation after satisfying itself that such transaction is in the interest of the Company.
- **Approval of Board of Directors and Shareholders:**
Except in respect of transactions entered into by the Company in its ordinary course of business (other than transactions which are not on an arm's length basis), the Company shall not enter into any contract or arrangement with its related parties with respect to the matters specified in Section 188 (1) of the Act without the following prior approvals:
 - Approval of the Board of Directors given by way of a resolution at a meeting of the Board and subject to such conditions as may be prescribed by the Board; and
 - Approval of the shareholders of the Company by ordinary resolution in case the contract or arrangement falls within the criteria specified as per Section 188(1) read with the Companies (Meetings of Board and its Powers) Rules, 2014.

All RPTs specified in the Companies Act, 2013 which are not in the Ordinary Course of Business of the Company or not on arm's length basis and which exceed the thresholds laid down in the Companies Act, 2013 and Companies (Meeting of Board and its Power) Rules, 2014, as amended from time to time, shall be placed before the shareholders for approval. Notwithstanding, the RPTs which cross the thresholds as defined herein shall be entered into by the Company only with the prior approval of shareholders of the Company, as per Section 188 of the Act.

However, shareholders' approval shall not be required for Material RPTs entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with that of the Company and placed before the shareholders at the general meeting for approval.

Subject to the provisions of the applicable laws, the Audit Committee or the Board of Directors or the Shareholders of the Company, as the case may be, shall have the power to ratify, revise or terminate the RPTs which are not in accordance with this Policy or as per the provisions of the applicable laws.

- **Related Party Transactions not approved under this policy:**
In case of any transaction involving any amount not exceeding Rs. 1 crore that is entered into by a director or officer of the Company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the

transaction, such transaction shall be voidable at the option of the Audit Committee; and, if the transaction is with a party related to any director or is authorised by any other director, the director concerned shall indemnify the Company against any loss incurred by it.

In case any contract or arrangement is entered into by a director or any other employee without obtaining the consent of the Board or approval by the shareholders in the General Meeting under Section 188(1) of the Act 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 authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

5. DISCLOSURE

Appropriate disclosures as required by the Act and the Reserve Bank of India will be made.

6. REVIEW OF POLICY

This Policy shall be reviewed by the Audit Committee ('Committee') as and when any changes are to be made in the Policy or at such intervals as may be considered necessary to ensure compliance with any regulatory or statutory requirement from time to time. Any changes in or modifications to the Policy as recommended by the Committee shall be presented to the Board for approval.

Version Control

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1.	Version 1	21 st April 2022