

OPTIMUS FINANCE LIMITED

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POLICY ON RELATED PARTY TRANSACTIONS

1. Objective:

Optimus Finance Limited (the “**Company**”) understands that Related Party Transactions (as defined below) entered into by the Company can present potential or actual conflict of interest and may raise questions about whether Related Party Transactions are consistent with the Company's and its shareholders' best interests. Therefore, the Board has adopted this Policy on Materiality of Related Party Transactions and manner of dealing with the Related Party Transactions (“**RPT Policy**” or “**Policy**”) to set forth the:

1. Manner of dealing with Related Party Transactions as per the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
2. Thresholds for Related Party Transactions.

This policy is formulated in compliance with the requirements of the Companies Act, 2013 read with rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, this policy has now been amended in terms of amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and become effective from 10th February, 2022.

2. Definitions:

“**Act**” means Companies Act, 2013 read with rules framed thereunder, as amended from time to time.

“**Arm’s Length Transactions**” means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“**Audit Committee**” means the “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of the Act and the Listing Regulations, 2015.

“**Board of Director**” or “**Board**” means the Board of Directors of the Company, as constituted from time to time.

“**Listing Regulations, 2015**” means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

“**Material Related Party Transaction**” as per Listing Regulations, 2015 means a Related Party Transaction(s) with a Related Party, if entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 crores (rupees one thousand crores) or 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Notwithstanding the above, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered Material Related Party Transaction(s), if such Related Party Transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Material Modifications” means modification(s) to an approved Related Party Transaction having a potential monetary impact of 25% or more of the originally approved value of the transaction.

“Ordinary Course of Business” means the transaction(s) / activity(ies) entered / undertaken pursuant to the objects of the Company or which are necessary or reasonable in the context of business or customary or happen with a certain frequency or part of standard industry practice.

“Related Party” or “Related Parties” means a related party as defined under the Act and/or Listing Regulations, 2015.

“Related Party Transaction” or “RPT” means transactions, contracts, arrangements entered with the Related Party and as prescribed under the Act and/or Listing Regulations, 2015.

The above definitions shall be read as provided in the amended provisions, if any, of the Act, Listing Regulations, 2015 or any other law or regulation and such change will not be considered as a change in this Policy.

Any term(s) not defined in the Policy shall have the same meaning as assigned to such term(s) in the Act and / or the Listing Regulations, 2015 or any other applicable law or regulation.

3. Manner of dealing with Related Party Transactions:

Identification of Related Parties

Before the start of each financial year, the Company shall identify the Related Parties. The Company shall also formulate a mechanism in order to enable the Directors and Key Managerial Personnel of the Company, to provide requisite disclosures and updates in this regard. The list of Related Parties shall be updated during the course of the year, upon receipt / happening of any event, which necessitates such updation.

Identification of Related Party Transaction

The Company shall review and determine whether any transaction with any party(s) will, constitute a Related Party Transaction, requiring compliance with this RPT Policy.

4. Procedure for approval of Related Party Transaction:

I. Approval of the Audit Committee

All Related Party Transactions and subsequent Material Modifications shall require prior approval of the Audit Committee as provided under the Listing Regulations, 2015. Only those members of the Audit Committee, who are independent directors, shall approve Related Party Transactions.

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

- a. The RPT falls within the following criteria laid down by the Audit Committee for granting the omnibus approval:
 - i. The RPT is in line with this Policy; and
 - ii. The RPT is in the nature of a repetitive transaction;
 - iii. The RPT is in the nature of a transaction which the Company carries out in its Ordinary Course of Business.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is required in the interests 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, the Audit Committee may grant omnibus approval for such RPT subject to their value not exceeding Rs.1 crore for each nature of transaction.

- c. The omnibus approval of the Audit Committee shall be valid only up to 1 (one) financial year and shall require fresh approval after expiry of such financial year. Details of the Related Party Transactions entered into pursuant to omnibus approval, shall be reviewed by Audit Committee on at least a quarterly basis.

II. Approval of the Board of Directors under the Companies Act, 2013

All Related Party Transaction which are either not in the ordinary course of business or not on arm's length basis shall require prior approval of the Board of the Company. Information in such form and manner as prescribed in the Act and / or Listing Regulations, 2015 should be provided to the Board.

Any Director(s) who is interested in any Related Party Transaction shall abstain himself from participating in the discussion and voting for such RPT under consideration by Board.

III. Approval of the Members under the Companies Act, 2013

Any Related Party Transaction covered within the scope of Section 188 of the Act which are either not in the ordinary course of business or not on 'arm's length basis and exceeds the threshold under Section 188 of the Act shall require prior approval of the shareholders through ordinary resolution.

Provided that no member of the company shall vote on resolution, to approve any contract or arrangement which may be entered into by the Company with Related Party, if such member is a Related Party.

Further provided that the requirement of passing the member's resolution shall not be applicable for transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the Company's general meeting for approval.

IV. Approval of the Members under the Listing Regulations, 2015

All Material Related Party Transactions and subsequent Material Modifications, shall require prior approval of the shareholders through resolution and no Related Party shall vote to approve such Related Party Transaction, whether the entity is a Related Party to a particular Related Party Transaction or not.

Provided that prior approval of the shareholders of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of Listing Regulations, 2015 are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

The requirement of passing the member's resolution shall not be applicable for transactions entered into

- i) between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the Company's general meeting for approval and
- ii) transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

5. Threshold Limits:

Any transaction which is not a Material Related Party Transaction as per the provisions laid down by the Act or the Listing Regulations, 2015, shall be approved by the Audit Committee and / or the Board of Directors of the Company in accordance with the procedure prescribed above.

6. Related Party Transactions not approved under this Policy:

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified in accordance with this Policy, the transaction shall be placed as promptly as practicable before the Audit Committee or Board of Directors or the Members as the case may be in accordance with this Policy for review and ratification.

The Audit committee or the Board of Directors or the Members shall consider all the relevant facts and circumstances of such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision or termination of such transaction and the Company shall take such actions as it deems appropriate under the circumstances.

7. Scope Limitation:

In the event of any conflict between the provisions of this Policy and of the Companies Act, 2013 / Listing Regulations / or any other statutory enactments, rules, the provisions of such Companies Act, 2013 / Listing Regulations or statutory enactments, shall prevail over this Policy.

8. Dissemination of Policy:

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on website of the Company and web link thereto shall be provided in the Annual Report of the Company.

9. Amendment:

Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act/Rules/Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and/or amended to that extent, even if not incorporated in this Policy.