



# RELATED PARTY TRANSACTION POLICY



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## **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:

- (i) 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
- (ii) 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.

## **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 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.

**“Material Related Party Transaction”** subject to the threshold limits prescribed under Schedule XII of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, means a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds the following:

| <b>Consolidated Turnover of Listed Entity Threshold</b> | <b>Threshold</b>                                                                                                                      |
|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| (I) Up to ₹20,000 Crore                                 | 10% of the annual consolidated turnover of the listed entity                                                                          |
| (II) More than ₹20,000 Crore to upto ₹40,000 Crore      | ₹2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore                                        |
| (III) More than ₹40,000 Crore                           | ₹3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 Crore or ₹5000 Crores, whichever is lower. |

**Explanation:** For the purpose of computing the thresholds stated above, the annual consolidated turnover of the listed entity shall be determined based on the last audited financial statements of the listed entity.

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.

**“Ordinary Course of Business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.

**“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 change in this Policy.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Listing Regulations, as amended from time to time.

### **3. Manner of dealing with Related Party Transactions:**

#### **3.1. Identification of Related Parties**

- Every promoter, Director, and Key Managerial Personnel (KMP) of the Company and its subsidiaries/ Joint venture shall,
  - a. at the time of appointment;
  - b. periodically – as required by the Company or applicable law;
  - c. whenever there is any change in the information already submitted,

provide requisite information about his / her relatives and all firms, companies, body corporates, or other association of individuals, in which such promoter, director or KMP is interested, whether directly or indirectly, to the Company or the subsidiary/ Joint venture (as the case may be). Every such promoter, director and KMP shall also provide any additional information about the transaction that the Board / Audit Committee may reasonably request.

- 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.

#### **3.2. 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.
- In accordance with Regulation 2(zc) of Listing Regulations, 2015 “Related Party Transaction” a transaction involving a transfer of resources, services, or obligations between:
  - (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
  - (ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries;

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:

- However, the following shall not be a related party transaction:
    - a. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
    - b. the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
      - i. payment of dividend;
      - ii. subdivision or consolidation of securities;
      - iii. issuance of securities by way of a rights issue or a bonus issue; and
      - iv. buy-back of securities.
    - c. acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board.
    - d. acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time.
- Explanation:** For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.
- e. retail purchases from any listed entity or its subsidiary by the directors or key managerial personnel of the listed entity or its subsidiary, and relatives of such directors or key managerial personnel, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel.

#### **4. Procedure for approval of Related Party Transaction:**

##### **4.1. 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.
- A related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary

of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction, exceeds the lower of the following:

- (i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
  - (ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of the SEBI regulations.
- A Related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the listed entity shall be obtained if the value of such transaction exceeds the lower of the following:

- (i) ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
  - (ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of the SEBI regulations.

Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.

- Remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit provided that the same are not material related party transactions.
- Prior approval of the Audit Committee of the Company shall not be required for a Related Party Transaction to which the listed subsidiary is a party, but the Company is not a party if Regulation 23 and sub-regulation (2) of Regulation 15 of Listing Regulations are applicable to such listed subsidiary.
- For Related Party Transactions of unlisted subsidiaries of a listed subsidiary as referred to above, the prior approval of the Audit Committee of the listed subsidiary shall suffice.
- 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;
  - b. The RPT is in line with this Policy; and

- c. The RPT is in the nature of a repetitive transaction;
  - d. The RPT is in the nature of a transaction which the Company carries out in its Ordinary Course of Business.
- 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.

- 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.

#### **4.2. 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.
- 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 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.

Without prejudice to anything contained above, it shall be open to the company to proceed against a director or any other employee who had entered into such contract or arrangement in contravention of the provisions of this section for recovery of any loss sustained by it as a result of such contract or arrangement.

#### **4.3. 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.

#### **4.4. 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.

Provided further that the omnibus approval granted by the shareholders for material related party transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Companies Act, 2013 or rules, notifications, or circulars issued thereunder from time to time:

Provided further that in case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

- The requirement of obtaining prior approval of Audit Committee or passing the member's resolution shall not be applicable for transactions entered into
  - (i) transactions entered into between two public sector companies
  - (ii) 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.
  - (iii) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
  - (iv) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.
  - (v) transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

**Explanation:** the term 'holding company' shall be deemed to have always referred to a listed holding company.

## **5. Reporting of Related Party Transactions:**

- Every contract or arrangement which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's Report to the shareholders along with the justification for entering into such contract or arrangement.
- The Company shall submit to the Stock Exchange(s) disclosures of Related Party Transactions in the format as specified by the Securities and Exchange Board of India from time to time and publish the same on its website.

The Company shall make such disclosures every six months on the date of publication of its standalone and consolidated Financial Results.

## **6. 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.

## **7. 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.

## **8. 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 ("Applicable Law"), shall prevail over this Policy. Any subsequent amendment / modification to the Applicable Law shall automatically apply to this Policy.

## **9. 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.

## **10. Amendment:**

The Board may review this Policy periodically (and at least once every three years) and make amendments from time to time, as may be deemed necessary (including based on recommendation(s) of the Audit Committee).

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.

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