

SURAKSHA ASSET RECONSTRUCTION LIMITED

RELATED PARTY TRANSACTIONS POLICY¹

1. Background & Objective:

- a. Suraksha Asset Reconstruction Limited (“Suraksha ARC/Company”) may enter into transactions with related parties for operational synergies while ensuring that such transactions are in compliance with the legal requirements.
- b. The Companies Act, 2013 (the “Act”) read with the Companies (Meetings of Board and its Powers) Rules, 2014 (the “Rules”) have laid down financial limits and approval process for entering into Related Party transactions.
- c. This Related Party Transactions Policy (the “RPT Policy”) governs the transactions which Suraksha ARC may enter into with any of its Related Parties (as defined in the Act) keeping in view the potential conflict of interest which may arise and to ensure that such transactions are consistent with the interest of Suraksha ARC and its shareholders / stakeholders.
- d. The various terms referred to in the this Policy shall have the same meaning as assigned to them under the Act and the Rules made thereunder, as amended from time to time.

2. Approval of the Audit Committee:

- a. All transactions with related parties shall require approval of the Audit Committee of the Company.
- b. The Company Secretary shall at all times maintain a database of Suraksha ARC’s Related Parties. This database shall be updated from time to time and shall be reviewed at least once a year.
- c. The above database shall be made available to all Departmental Heads, who shall submit to the Compliance Officer a note containing details of the transaction proposed to be entered into with any related party, with justification whether the transaction is at arms’ length and in an ordinary course of business in accordance with the approved guidelines.

¹Approved at the Board Meeting held on June 27, 2019.

- d. Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Company Secretary (or such other person who may be entrusted for this purpose by the Audit Committee) who would in turn take necessary steps to place the same before the Audit Committee.
- e. The Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to the following conditions:-
 - i. Maximum value of transactions, in aggregate, which can be allowed under the omnibus route in a financial year – Upto INR. 1000 crores;
 - ii. Maximum value per transaction which can be allowed – INR. 500 crores;
- f. Such omnibus approval shall not be made for related party transactions in respect of selling or disposing of Suraksha ARC's undertaking.
- g. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval to related party transactions, namely: -
 - A. repetitiveness of the transactions (in past or in future);
 - B. justification for the need of omnibus approval.
- h. The Audit Committee shall satisfy itself on the need for omnibus approval for related party transactions of repetitive nature and that such approval is in Suraksha ARC's interest.
- i. The omnibus approval shall indicate the following:-
 - A. name of the related parties;
 - B. nature and duration of the transaction;
 - C. maximum amount that can be entered into;
 - D. the indicative base price or current contracted price and formula for price variation, if any; and
 - E. any other information relevant or important for the Audit Committee to take a decision on the proposed transaction;
- j. Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may

make omnibus approval for such transactions subject to their value not exceeding INR. 1 crore per transaction.

- k. Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.
- l. Exceptions: Related party transactions of the following nature are not to be subjected to the omnibus approval mechanism:-
 - i. Transactions which the Audit Committee is unable to determine whether they are in the ordinary course of business and/or at arm's length basis;
 - ii. Transactions which are not recurring or unforeseen in nature;
 - iii. Transactions exceeding the threshold limits specified for omnibus approval;
 - iv. Any other transaction as may be specified by Audit Committee;
- m. In the event any contract or arrangement with a related party is not in the ordinary course of business or at arm's length or exceeds the prescribed materiality thresholds, the Company shall comply with the provisions of Section 188 Act and obtain the approval of the Board or its shareholders, as applicable.
- n. In case of transactions, other than transactions referred to in Section 188 and where the Audit Committee does not approve the transactions, it shall make its recommendation to the Board.

3. Approval of the Board of Directors:

- a. The transactions specified under Section 188 of the Act with related parties which are not in the ordinary course of business or/and not at arm's length basis, will be placed before the Board for approval.
- b. In addition to the above, the following kinds of related party transactions are also placed before the Board for its approval:
 - i. Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business

and/or at arm's length basis and decides to refer the same to the Board for approval;

- ii. Transactions other than those covered under Section 188, which have not been approved by the audit committee;
- iii. Transactions which are intended to be placed before the shareholders for approval;

4. Approval of the Shareholders

- a. All related party transactions exceeding the prescribed materiality thresholds prescribed under Section 188 of Act read with rules, as amended from time to time will be placed before the shareholders for prior approval.

5. Monitoring:

- a. The Audit Committee shall review at such intervals as it may deem fit Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
- b. Where the Company enters into a related party transaction without approval of the Audit Committee, the transaction may be ratified/ modified or terminated by the Audit Committee within 3 months of entering such transaction in accordance with the provisions of the Act.
- c. Where the Audit Committee determines not to ratify a related party transaction as above, such transaction shall be voidable at the option of the Audit Committee.

6. Exceptions to the Policy: The following transactions with related parties shall not require any separate approval under the Policy-

- a. Any transaction pertaining to appointment and remuneration of directors and key managerial personnel approved by the Nomination and Remuneration Committee;
- b. Payment of dividend;
- c. Contribution towards Corporate Social Responsibility (CSR) within the overall limits approved by the Board in accordance with the provisions of the Act;

- d. Transactions involving corporate restructuring such as buy back, merger, capital increase, capital reduction etc. which are carried out in compliance with the provisions of Companies Act, 2013.

7. Disclosure:

The particulars (in the prescribed form) of contracts or arrangements entered into with related parties during a given financial year shall be disclosed in the Board's report for such financial year.

- 8. Periodical review:** The Audit Committee shall review the RPT Policy from time to time keeping in view the developments in the business and regulatory environment.

- 9. Communication:** This Policy will be communicated to all Directors, KMPs and Members of the Management Committee and other concerned persons of the Company.