



Think Cash, Think Lendingkart Group!

Lendingkart Finance Limited
Policy on Related Party Transaction

I. Preamble

This Related Party Transaction Policy (“**Policy**”) has been formulated pursuant to the Master Direction – Non Banking Financial Company – Systemically Important Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 and provisions of section 188 of the Companies Act, 2013 and rules framed thereunder (“**Act**”), by the Audit Committee (“**Committee**”) and approved by the Board of Directors of Lendingkart Finance Limited (“**Company**”) (hereinafter referred to as the “**Board**”).

II. Applicability

This Policy shall be applicable to all Related Party Transactions proposed to be entered by the Company with the Related Parties as per the provisions of the Companies Act, 2013.

This Policy shall be effective from 3rd April, 2018.

III. Objective

The objective of this Policy is to provide a consistent framework to the Committee and/or the Board to perform its functions in compliance with the Act.

The Act provide for detailed provisions on Related Party Transaction. This Policy is intended to ensure proper approval and reporting of the concerned transactions between the Company and a Related Party.

IV. Definitions

- (i) “**Related Party**” shall have the same meaning as defined under Section 2(76) of the Companies Act, 2013.
- (ii) “**Related Party Transaction(s)**” means a contract or arrangement with a Related Party as provided under the Act and the Rules made thereunder, as amended from time to time.

V. Terms of the Policy

1. Save as provided in the Act, all Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transaction(s) proposed to be entered into by the Company subject to the following conditions:

- (i) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy in respect of transactions which are repetitive in nature.
 - (ii) The Audit Committee satisfies itself about the need for such omnibus approval and that such approval is in the interest of the Company.
 - (iii) 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, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding INR 1 Crore per transaction
 - (iv) Audit Committee shall review, at least on a half yearly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
 - (v) Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.
2. If the intended Related Party Transaction is not in the Ordinary Course of Business and/or not on an Arm's Length basis such Related Party Transaction shall require Board and/or Shareholders approval as required under the provisions of the Act.

VI. Governance Structure

The Audit Committee shall confirm to the Board whether the Related Party Transactions entered into by the Company during the period under consideration were on an arm's length basis and in the ordinary course of its business.

1. Identification of Related Party Transactions.

Related Party Transactions are required to undergo a detailed analysis before arriving at a conclusion as to its impact as well as the course of action with regard to the approval requirements from the concerned bodies. The Companies Act, 2013 and Rules made thereunder have laid down procedures for dealing with Related Party Transactions.

The relevant details of Related Parties and/or entities in which directors are interested are collated based on the disclosures received from the directors. It shall be the responsibility of directors to provide updated list of Related Parties and/or entities in which they are

interested, during their appointment, at the first meeting of the Board in every financial year and as and when there is any change in the details already provided. Such list shall be shared with the concerned departments for their information and identification of a transaction as Related Party Transaction.

2. Ascertaining whether Related Party Transactions are on an Arm's Length Basis

The test for ascertaining arm's length relationship in case of Related Party Transactions could be on the following lines -

- (i) The contracts/ arrangements are entered into with Related Parties, at such prices/ discounts/premiums and on such terms, which are or could be offered to un-related parties of similar category/ profile, if available.
- (ii) The contracts/ arrangements have been commercially negotiated.
- (iii) The pricing is arrived at as per the guidelines that may be issued by the Ministry of Corporate Affairs, Income Tax Act, 1961, or such other competent regulator/authority.

3. Ascertaining whether Related Party Transactions are in the Ordinary Course of Business:

The following transactions shall be considered to be in the ordinary course of business of the Company:

- (i) Availing loan for the purpose of onward lending and payment of interest and other expenses thereof;
- (ii) Granting working capital loan, whether by way of term loan or otherwise, and receipt of principle, interest and other charges thereon;
- (iii) Payment of license fee towards the use of software(s) and/or platform for the purpose of its operations;
- (iv) Payment of commission and/or referral bonus to channel partners of the Company for referring customers to the Company;
- (v) Payment of salary, fee, commission, and incurrence of other expense required for availing the services required for day to day operations of the Company;

- (vi) Reimbursement of expenses received from or given to the holding company of the Company pursuant to common sharing expenses arrangement between the Company and the holding company; and
- (vii) Such other transaction as may be determined by the Audit Committee and/or the Board, from time to time.

Further, it shall be identified whether such transaction is germane to attainment of the main objects as set out in its Memorandum of Association, or is an activity generally undertaken by a non-banking financial company or is such other activity as may be permitted, from time to time by Reserve Bank of India.

VII. Disclosure

Adequate disclosures pertaining to this Policy shall be made in the Annual Report as a part of Director's Report and on the website of the Company as required.

VIII. Amendments

1. The Committee and /or the Board may review and amend this Policy as and when it deems necessary.
2. In case of any amendment(s), clarification(s), circular(s), etc., issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc., shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date of such amendment(s), clarification(s), circular(s), etc.
