

## **Policy on dealing with Related Party Transactions**

### **1. Purpose of this policy**

The Company aims at affirming good standard of governance practices and conducts its business in a fair and transparent manner duly complying with the applicable laws as in force. This policy ensures that related party transactions of the Company are carried out in a transparent manner. Company has formulated this policy (Policy) on materiality of Related Party Transactions and on dealing with Related Party Transactions. This Policy regulates all transactions between the Company and its Related Parties. However, KLM AXIVA Finvest Limited being an NBFC, the transactions carried in the ordinary course of business shall not be deemed to be a related party transaction.

The Companies Act 2013 ('the Act') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR'), Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 prescribe comprehensive regulatory framework governing the Related Party Transactions.

### **2. Definitions**

**"Audit Committee"** means the committee of Board of Directors of the Company constituted under the provisions of Regulation 18 of the SEBI (LODR) Regulations, 2015 read with Section 177 of the Companies Act, 2013.

**"Related Party"** means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards and also:

(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or

(b) any person or any entity, holding equity shares: (i) of twenty per cent or more; or (ii) of ten per cent or more, with effect from April 1, 2023; in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year shall be deemed to be a related party.

**"Related Party Transaction"** means a related party transaction as defined under section 188 of the Companies Act, 2013 and Regulation 2(1)(zc) of the SEBI (LODR) Regulations, 2015.

**"Relative"** means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under.

**"Material related party transactions"** 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 rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

**“Arm’s length transaction”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

### **3. Identification of Related Parties and the Related Party Transactions**

Every Director shall, at the time of appointment, annually and whenever there is any change in the information already submitted, provide requisite information about all persons, firms, entities in which he is interested whether directly or indirectly, to the Board of Directors and the Company Secretary.

### **4. Transactions that are considered as Related Party Transactions**

No Company shall enter into any contract or arrangement with a related party except with the consent of the Board of Directors by way of a resolution passed at the meeting of the Board of Directors. Following types of the transactions considered as related party as per section 188 of Companies Act 2013:

- (a) Sale, purchase or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) Such related party's appointment to any office or place of profit or a Key Managerial Personnel in the company, its subsidiary company or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company.

Provided that nothing in this provision shall apply to any transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm’s length basis.

### **5. Approval of Related Party Transactions- Audit Committee/Board of Directors**

- Pursuant to sub regulation (2) of Regulation 23 of SEBI (LODR) Regulations 2015, all related party transactions and any subsequent material modifications shall require prior approval of the audit committee.
- The onus of responsibility shall vest with the Director to disclose his interest to the Board/Audit Committee/KMP’s in any transactions which the concerned director is directly/interested.

- Inter corporate loans, if any which the director is directly/indirectly/deemed to be interested must be brought to the attention of the Audit committee and the Board of Directors by the concerned director and the approval as deemed fit for the purpose must be obtained.
- Any Director of the Company, who is a Related Party, shall not vote on resolution passed for approving such Related Party Transaction.
- Approval of Audit Committee is not required in case of Sitting fee and remuneration to KMP / Senior Management / Director (other than promoter / promoter group), if it is not material as per Regulation 23 (1) of LODR.
- The disclosures of the related party transactions in the Balance Sheet shall reviewed by the Audit Committee before granting approval to accounts.

## **6. Omnibus Approval**

Pursuant to sub regulation (3) of Regulation 23 of SEBI (LODR) Regulations 2015, Audit committee may grant omnibus approval for related party transactions proposed to be entered subject to the following conditions:

- (a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
- (b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;
- (c) the omnibus approval shall specify:
  - i. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into;
  - ii. the indicative base price / current contracted price and the formula for variation in the price if any;
  - iii. such other conditions as the audit committee may deem fit.
- (d) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;
- (e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

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 rupees *one crore* per transaction.

## **6A. Omnibus Approval for Related Party Transactions on Annual Basis**

All related party transactions shall require approval of the Audit Committee and the Audit

Committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to the following conditions, namely:

- 1) The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval which shall include the following, namely:
  - a) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
  - b) the maximum value per transaction which can be allowed;
  - c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
  - d) review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made;
  - e) transactions which cannot be subject to the omnibus approval by the Audit Committee.
- 2) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
  - a) repetitiveness of the transactions (in past or in future);
  - b) justification for the need of omnibus approval.
- 3) The Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company.
- 4) The omnibus approval shall contain or indicate the following: -
  - a) name of the related parties;
  - b) nature and duration of the transaction;
  - c) maximum amount of transaction that can be entered into;
  - d) the indicative base price or current contracted price and the formula for variation in the price, if any; and
  - e) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:  
Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.
- 5) 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.
- 6) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.
- 7) Any other conditions as the Audit Committee may deem fit.

## **7. Shareholders' Approval**

Pursuant to sub regulation (4) of Regulation 23 of SEBI (LODR) 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 resolutions whether the Company is a related party to the particular transaction or not.

If a Related Party Transaction is

- (i) a material transaction or
- (ii) not in the ordinary course of business, or
- (iii) not at arm's length price

and exceeds thresholds prescribed under Section 188 of the Companies Act, 2013 and Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, it shall require shareholders' approval by a special resolution. In such a case, any member of the Company who is a Related Party shall not vote on resolution passed for approving such Related Party Transaction.

#### **8. Loans to directors, senior officers and relatives of directors in the ordinary course of Business**

The company can grant loans and advance to directors, senior officers and relatives of directors in the ordinary course of business only in compliance with Section 185 and 186 of the companies Act 2013 and Para 93 of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.

Loans to directors, senior officers, their relatives, or entities where they have major shareholding will be subject to the following process:

##### **➤ Pre-Approval Requirements**

- Loans exceeding Rs. 1 crore to directors, senior officers, their relatives, or related entities must be reported to the Board of Directors for review and approval. The board should conduct a thorough review to assess the fairness and terms of the loan, considering the financial health of the company, the individual's or entity's relationship with the company, and any potential conflicts of interest. The board shall ensure that the loan is in compliance with Section 185 of the Companies Act, 2013.
- A written request from the director, senior officer, or related entity must be submitted to the board, detailing the purpose, amount, and proposed terms of the loan.
- For granting of loans to related entity or relative of directors, the company shall obtain a declaration from the borrower giving details of the relationship of the borrower to their directors/senior officers for loans and advances aggregating Rupees one crore and above.

The company shall recall the loan if it comes to their knowledge that the borrower has given a false declaration.

➤ **Loans Below Rs. 1 Crore**

- Loans to directors, senior officers, their relatives, or related entities below Rs. 1 crore may be granted by senior management, subject to internal controls and compliance with Section 185 of the Companies Act, 2013. However, such loans must still comply with the general principles outlined in this policy.
- No senior officer or any Committee comprising, inter alia, a senior officer as member, shall, while exercising powers of sanction of any credit facility, sanction any credit facility to a relative of that senior officer. Such a facility shall be sanctioned by the next higher sanctioning authority under the delegation of powers.
- Loans and advances sanctioned to directors/senior officers of the NBFC below Rs.1 crore shall be reported to the Board.

➤ **Conflict of Interest**

- Any director or senior officer requesting a loan must recuse themselves from the approval process. The board will assess the request with independent judgment and ensure that the decision-making process remains free from any conflicts of interest.
- The decision to grant the loan must be made by a majority vote of the board of directors, excluding any directors with a direct or indirect interest in the transaction.

➤ **Loan Terms**

- Loans to directors, senior officers, and their relatives should be provided on terms no more favourable than those available to employees of the company or, where applicable, to the general public.
- The interest rate charged on the loan should be at least equal to the market rate for similar loans or the applicable legal rate, whichever is higher.
- The repayment terms, including the amount, schedule, and collateral (if any), must be clearly defined and documented.

➤ **Special Conditions**

- If the loan is to an entity in which the director, senior officer, or their relative has a major shareholding, the terms of the loan must be carefully reviewed to ensure there is no preferential treatment, and that the loan does not create undue financial risk for the company.

- Loans that could potentially create a conflict of interest or appear to be inappropriately advantageous to any individual or related entity should be avoided.

## **9. Limitation and Amendments**

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the SEBI LODR, Companies Act 2013, RBI Master Directions and/or applicable laws in this regard shall automatically apply to this Policy.

---

Approved by the Board of Directors on August 26, 2021;

Reviewed by the Board of Directors on March 18, 2025.