

**LENDINGKART FINANCE LIMITED**  
**Policy on Related Party Transactions**  
**(Last Amended on 04.08.2022)**

Reviewing Authority	Audit Committee
Approving Authority:	Board of Directors of Lendingkart Finance Limited
Context:	The policy is formulated pursuant to provisions of Companies Act, 2013 and rules framed thereunder and as per the requirements under Master Direction – Non Banking Financial Company – Systemically Important Non- Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 and RBI guidelines “Loans and Advances – Regulatory Restrictions – NBFCs” issued on April 19, 2022. It is intended to regulate transactions between the Company and its Related Parties, based on the applicable laws, rules and regulations applicable to the Company.

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## 1. Prelude

Lendingkart Finance Limited (“**Company**”) recognizes that related party transactions may have potential or actual conflicts of interest and may raise questions whether such transactions are consistent with the Company’s & its shareholders’ best interest and in compliance to the provisions of the Companies Act, 2013 (“**Act**”), Master Direction – Non Banking Financial Company – Systemically Important Non- Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (“**Directions**”) and Reserve Bank of India (“**RBI**”) guidelines “Loans and Advances – Regulatory Restrictions – NBFCs” issued on April 19, 2022 read with RBI Guidelines on Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs’ dated October 22, 2021 (collectively referred to as the “**RBI Guidelines**”).

Amendments, from time to time, to the Policy, if any, shall be considered by the Board of Directors of the Company based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

## 2. Definitions

All words and expressions used herein, unless defined herein, shall have the same meaning as respectively assigned to them under the Act and Rules framed thereunder or any other applicable law.

**2.1. “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.

**2.2. “Associate Company”** in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

It is hereby clarified as follows:

- a) the expression “significant influence” means control of at least twenty per cent. of total voting power, or control of or participation in business decisions under an agreement;
- b) the expression “joint venture” means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

**2.3. “Board of Directors” or “Board”** in relation to a Company, means the collective body of Directors of the Company (Section 2(10) of the Companies Act, 2013).

**2.4. “Holding Company”** shall mean Lendingkart Technologies Private Limited.

**2.5. “Key Managerial Personnel”** in relation to the Company, means—

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Company Secretary;
- (iii) the Whole-Time Director;
- (iv) the Chief Financial Officer;
- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed

**2.6. “Material Related Party Transaction”** means transactions, with Related Parties, of following nature that are either not in the ordinary course of business or not on an arm’s length basis:

- (i) sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of the turnover of the Company or Rs. 100 crore, whichever is lower;
- (ii) selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agent, amounting to 10% or more of the net worth of the Company or Rs. 100 crore, whichever is lower;
- (iii) leasing of property of any kind amounting to 10% or more of the net worth of the Company or 10% or more of the turnover of the Company or Rs. 100 crore, whichever is lower;
- (iv) availing or rendering of any services directly or through appointment of agent, amounting to 10% or more of the turnover of the company or Rs. 50 crore, whichever is lower;

It is hereby clarified that the limits specified in sub-clause (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- (v) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding Rs. 2,50,000/-; and
- (vi) remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding 1% of the net worth.

It is hereby clarified as follows:

- a) the expression “turnover” means the gross amount of revenue recognized in the profit and loss account from the sale, supply, or distribution of goods or on account of services rendered, or both, by a company during a financial year.
- b) The expression “net worth” means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
- c) The turnover or net worth referred in the above sub-rules shall be computed on the basis of the audited financial statement of the preceding financial year.

**2.7. “Ordinary Course of Business”** means transaction will be considered in ordinary course if they are 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; and includes the following transactions:

- (i) Availing loan for the purpose of onward lending or general corporate purposes 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; and royalty towards the usage of trade marks;
- (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; and
- (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.

**2.8. “Policy”** means this Policy, as amended from time to time.

**2.9. “Related Party”** under Section 2(76) of the Companies Act, 2013 include:

- (i) a director or his relative;

- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director
- (v) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- (vi) any Body corporate whose Board of directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) any person under whose advice, directions or instructions a director or manager is accustomed to act:  
 Provided that nothing in (vi) and (vii) above shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) any body corporate which is –
  - (A) a holding, subsidiary or an associate company of such company; or
  - (B) a subsidiary of a holding company to which it is also a subsidiary; or
  - (C) an investing company or the venturer of the Company;
 It is hereby clarified that, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate; or
- (ix) Director (other than an independent director) or key managerial personnel of the holding company or his relative with reference to a company.

**2.10. “Related Party Transaction(s)” or “RPT”** 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.

**2.11. “Relative”** means relative as defined under Section 2(77) the Companies Act, 2013 and includes any one who is related to another, if

- (i) They are members of a Hindu undivided family ;
- (ii) They are husband and wife ; or
- (iii) Father (including step-father)
- (iv) Mother ( including step-mother)
- (v) Son ( including step-son)
- (vi) Son’s wife
- (vii) Daughter
- (viii) Daughter’s husband
- (ix) Brother (including step-brother)
- (x) Sister (including step-sister)

**2.12. “Senior Officer”** shall have the same meaning as assigned to “Senior Management” under Section 178 of the Companies Act, 2013.

### **3. Objectives**

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

### **4. Rationale of the Policy**

- 4.1.** The Audit Committee shall review and approve all RPTs based on this Policy.
- 4.2.** All proposed RPTs must be reported to the Committee for prior approval by the Committee in accordance with this Policy. In the case of frequent/regular/repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval/omnibus approval, details whereof are given in a separate section of this Policy.
- 4.3.** In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.

### **5. Identification of Related Parties & Transactions**

- 5.1.** Every Director & Key Managerial Personnel will be responsible for providing a declaration in the format as per **Annexure 1** (and schedule thereto) on an annual basis.
- 5.2.** Every Director and the Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and/or controls immediately on him/her becoming aware of such changes.
- 5.3.** Every Director, Key Managerial Personnel, members of the Key Management Team (as defined in the Articles of Association), Head of Departments (HODs) and other officers authorized to enter into contracts/ arrangements will be responsible for providing prior Notice to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the



Board/Committee may request, for being placed before the Committee and the Board in **Annexure 2**.

- 5.4. Besides the above, the Company will also identify other Related Parties as required under the Companies Act, 2013.
- 5.5. Any transaction by the Company with a Related Party will be regulated as per this Policy.
- 5.6. The Company Secretary shall be responsible to maintain an updated database of information pertaining to Related Parties reflecting details of-
  - (i) All Directors and Key Managerial Personnel;
  - (ii) All individuals, partnership firms, Companies and other persons as declared and updated by Directors and Key Managerial Personnel;
  - (iii) Company's holding Company, subsidiary Companies and associate Companies, if any;
  - (iv) Subsidiaries of holding Company, if any;
  - (v) Director or Key Managerial Personnel of the holding Company or their Relatives, if any; and
  - (vi) Any other entity which is a Related Party as defined under Section 2(76) of the Companies Act, 2013.

The database shall be updated whenever necessary and shall be reviewed at least once a year jointly by the Company Secretary, Compliance Officer and Chief Financial Officer.

- 5.7. The functional/business heads; Chief Financial Officer; Company Secretary shall have access to the updated database.

## **6. Review and Approval of Related Party Transactions**

### **6.1. Audit Committee**

- 6.1.1. All the transactions which are identified as RPTs should be pre-approved by the Audit Committee before entering into such transaction whether at a meeting or by resolution by circulation or through electronic mode. The Audit Committee shall consider all relevant factors while deliberating on the RPTs for its approval.

Provided that the above provisions shall not apply to a transaction, other than for the transaction referred to in Section 188 of the Act, between the Company and the Holding Company.

- 6.1.2. Any member of the Committee who has a potential interest in any related party transaction will recuse himself and abstain from discussion

and shall not vote to approve the related party transaction. A related party transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board of Directors or of shareholders as discussed subsequently.

**6.1.3.** The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under the provisions of the Companies Act, 2013 and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year. 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; and
- (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:

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

**6.1.4.** Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval.

**6.1.5.** RPTs entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Committee, will be placed before the Committee for ratification in accordance with the provisions of Section 177 of the Act.

**6.1.6.** Subject to the applicable laws, the Audit Committee shall have the power to ratify, revise or terminate the RPTs, which are not in accordance with this Policy.

## **6.2. Board of Directors**

**6.2.1.** In case any RPTs are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, such transactions shall be affected only with prior approval of the Board of Directors of the Company, on recommendation of Audit Committee.

**6.2.2.** The Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances.

**6.2.3.** Any member of the Board who has any interest in any related party transaction will recuse himself and abstain from discussion and shall not vote to approve the related party transaction.

### **6.3. Shareholders**

If a related party transaction is not in the ordinary course of business, or not at arm's length price and is a Material Related Party Transaction, it shall require shareholders' approval by a resolution.

### **6.4. Reporting of RPTs**

**6.4.1.** Every contract or arrangement, which is required to be approved by the Board/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.

### **6.5. RPTs not previously approved**

**6.5.1.** In the event the Company becomes aware of a RPT that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy and in compliance with the applicable laws and regulations as may be amended from time to time.

**6.5.2.** The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting 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 action as the Committee or the Board or the Shareholders (as the case may be) deem appropriate under the circumstances.

### **6.6. Loans and advances to Directors/ Senior Officers**

**6.6.1** Notwithstanding anything contrary contained hereinabove, unless sanctioned by the Audit Committee and the Board of Directors, the Company shall not grant loans and advances aggregating Rupees five crores and above to –

- The directors (including the Chairman/ Managing Director) of the Company or Relative of the directors.
- any firm in which any of the directors or their Relative is/ are interested as a partner, manager, employee or guarantor.
- any company in which any of the directors, or their Relative is interested as a major shareholder (a person holding 10 % or more of the paid-up share capital or five crore rupees in paid-up shares, of that company, whichever is lower), director, manager, employee or guarantor.

Provided that the director or his/her Relative shall be deemed to be interested in a company, being the subsidiary or holding company of company, if he/ she is a major shareholder or is in control of the respective holding or subsidiary company.

The proposals for credit facilities of an amount less than Rupees five crores to such borrowers may be sanctioned by the concerned authority (as per delegation matrix) of the Company under powers vested in such authority, but the matter should be reported to the Audit Committee/ Board of the Company.

#### **6.6.2** Loans and advances to Senior Officers of the NBFC -

The Company shall abide by the following when granting loans and advances to their senior officers:

- Loans and advances sanctioned to senior officers of the Company shall be reported to the Audit Committee/ the Board.
- No senior officer or any committee comprising of, 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.

**6.6.3** The above provisions in respect of Clause 6.6.1 and 6.6.2 will also be applicable in case of awarding of all kinds of contracts involving sale of purchase of goods and/ or rendering of services to and by the Company.

**6.6.4** The term 'loans and advances' will not include loans or advances against –

- a) Government securities
- b) Life insurance policies

- c) Fixed deposits
- d) Stocks and shares
- e) Advance against salary, housing loans, car advances, etc. granted to an employee of the Company under any scheme/ policy applicable generally to employees.

Provided that the Company's interest/ lien is appropriately marked (wherever applicable) with legal enforceability.

## **7. Effective Date**

This policy was first approved by the Board of Directors on 3<sup>rd</sup> April 2018 and has been amended by the Board of Directors on 20<sup>th</sup> June 2019, August 20, 2020 and August 4, 2022 and shall come into force with immediate effect.

## **8. 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. Details of RPT and Related Parties should be recorded in MBP-4 Part A and Part B respectively. The Company shall disclose in its annual financial statement, aggregate amount of loans and advances sanctioned to the directors, senior officers of the Company and/or Relative of the directors and to entities where directors or their Relatives have major shareholding, as per template provided in the Annexure 3.

## **9. Limitation and Amendments**

- 9.1.** The Policy is subject to review from time to time and at least annually.
- 9.2.** The Board of Directors may in their discretion and on recommendation of the Audit Committee, make any changes/modifications and/or amendments to this Policy from time to time.
- 9.3.** In the event of any conflict between the provisions of this Policy and of the Act or any other statutory enactments, rules, the provisions of such Act or statutory enactments, rules shall prevail over and automatically be applicable to this Policy and the relevant provisions of the Policy would be amended/modified in due course to make it consistent with the law.

## ANNEXURE 1

To,  
The Company Secretary  
Lendingkart Finance Limited  
A-303/304, Citi Point,  
Andheri-Kurla Road, Andheri (East)  
Mumbai-400059, Maharashtra

Dear all,

I, ....., son/daughter/spouse of ....., resident of ....., being a ..... in the Company, hereby give notice of my interest or concern in the following company or companies, body corporate, firms or other association of individuals:

Sr. No.	Names of the Companies /bodies corporate/ firms/ association of individuals	Nature of interest or concern / Change in interest or concern	Shareholding	Date on which interest or concern arose/changed

Sign:  
Name:  
Designation:  
DIN, *if applicable*:

Place:  
Date:

## SCHEDULE

A list of relatives in terms of Section 2(77) of the Companies Act, 2013, and their interest or concern in the companies, bodies corporate, firms or other associations of individuals is as below:

### I) List of Relatives:

Sr. No.	Relation	Name of Relative
1.	HUF in which I am a member Name of the Members of HUF	
2.	Spouse	
3.	Father	
4.	Mother	
5.	Son	
6.	Son's wife	
7.	Daughter	
8.	Daughter's Husband	
9.	Brother	
10.	Sister	

### II) Disclosure in terms of Section 2(76) of the Companies Act, 2013:

Sr. No.	Particulars	Name of Firm/Company/Body corporate/association of individuals	Name of the Relative/Person and nature of interest
1.	Firm in which the Relative is a partner		
2.	Private Company in which the Relative is a director or member		
3.	Public Company in which I am a director and hold together with the Relative(s) more than 2% of the paid-up share capital		
4.	Body corporate whose		

	Board of Directors, managing director or manager is accustomed to act in accordance with my advice, directions or instructions.		
5.	Any person on whose advise directions or instructions I am accustomed to act.		

**Date:**



## ANNEXURE 2

INFORMATION TO BE PROVIDED TO THE AUDIT COMMITTEE / BOARD IN RELATION TO THE PROPOSED RELATED PARTY TRANSACTION (TO THE EXTENT RELEVANT TO THE TRANSACTION):

<b>Sr. No.</b>	<b><i>Particulars</i></b>
1.	Name of the Related Party and nature of relationship
2.	Nature and duration of the contract/arrangement/transaction and particulars thereof
3.	Material terms of the contract or arrangement or transaction including the value, if any
4.	In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price / value and / or material terms of the contract or arrangement including a justification to the proposed variations
5.	Any advance paid / received or to be paid / received for the contract or arrangement, if any
6.	Manner of determining the pricing and other commercial terms, whether or not included as part of contract
7.	Whether all factors relevant to the contract/arrangement/transaction have been considered, if not, the details of factors not considered with rationale for not considering those factors
8.	Copy of the draft MOU, agreement, contract, purchase order or correspondence etc. if any
9.	Applicable statutory provisions, if any
10.	Valuation reports in case of sale or purchase or leasing / renting of capital assets or securities
11.	Justification as to the arm's length nature of the proposed transaction
12.	Declaration whether the transaction is in the ordinary course of business
13.	Persons / authority approving the transaction
14.	Any other information which may be relevant or important for the Committee / Board to take a decision on the proposed transaction

### ANNEXURE 3

#### LOANS TO DIRECTORS, SENIOR OFFICERS AND RELATIVES OF DIRECTORS

(₹ crore)

	Current Year	Previous Year
Directors and their relatives		
Entities associated directors and their relatives		
Senior Officers and their relatives		