

SOM DATT FINANCE CORPORATION LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. Preamble

The Board of Directors (the “Board”) of Som Datt Finance Corporation Limited (the “Company”) has adopted the following policy and procedures with regard to Related Party Transactions.

This Policy on the Related-Party Transactions (the “Policy”) of the Company set forth the procedures to be followed for approval/ratification of Related Party Transactions in compliance with applicable laws and regulations.

2. Purpose

This policy is framed as per requirement of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) entered by the Company with the Stock Exchanges.

The Company intends that all Related Party Transactions are undertaken on Arms Length Basis in the best interest of the Company and all its shareholders. It also intends the proper approval and reporting of the Related Party Transactions.

3. Definitions:

The terms included in this Policy shall have the meaning as defined under the Companies Act, 2013 read with SEBI Listing Regulations / other related laws, as amended and applicable from time to time.

- a) **“Audit Committee or Committee”** means Audit Committee of Board of Directors of the Company constituted under the provisions of SEBI Listing Regulations and Companies Act, 2013.
- b) **“Arm’s length Basis”** means basis and principles followed for conduct of transactions between two unrelated parties, with no conflict of interest.
- c) **“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.

Explanation.— For the purposes of this clause,

(a) “significant influence” means control of at least twenty per cent. of total voting power, or control of business decisions under an agreement

(b) The expression “joint venture” means a joint agreement whereby the parties that have joint control of the arrangement;

- d) **“Board”** means Board of Directors of the Company
- e) **“Company”** means Som Datt Finance Limited.
- f) **“Holding Company”** in relation to one or more other companies, means a company of which such companies are subsidiary companies
- g) **“Key Managerial Personnel”** means any key managerial personnel as defined under the Companies Act, 2013 and includes
 - (i) Chief Executive Officer
 - (ii) Company Secretary and
 - (iii) Chief Financial Officer appointed by the Company for the time being.

- h) **“Ordinary Course of business”** means all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing of guarantees or collaterals, in the ordinary course of its trade or business.
- i) **“Related Party”**, with reference to a company, means—
- (i) a director or his Relative;
 - (ii) a Key Managerial Personnel or the relative of such Key Managerial Personnel;(KMP)
 - (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, unless given in a professional capacity;
 - (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act, unless given in a professional capacity.
 - (viii) any company 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;
 - (C) an investing company or the venturer of the company
 - (ix) A director(other than Independent director) or key managerial personnel of the holding company or his relative with reference to a company.
 - (x) such entity is a related party under the applicable Accounting Standards which states that Related parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions.
- j) **“Relative”**, with reference to any person, means anyone who is related to another, if—
- (i) they are members of a Hindu Undivided Family;
 - (ii) they are husband and wife; or
 - (iii) father, mother, son, son’s wife, daughter, daughter’s husband, brother, sister.

k) “Related Party Transactions” (RPTs) means any contract or arrangement with a Related Party with respect to:

- (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 in the company, its subsidiary company or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company:
- (h) Transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged. Such transaction shall be construed to include single transaction or a group of transactions in contract.

l) “Material Related Party Transaction” means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company”

m) “Subsidiary Company” or “Subsidiary”, in relation to any other company (that is to say the holding company), means a company in which the holding company –

- (i) controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

4. Determination of Material Related Party Transactions

The Company has fixed its materiality threshold at 10% of the annual consolidated turnover of the company as per last audited financial statements of the company for the purpose of Regulation 23(1) of the SEBI Listing Regulations. The said threshold shall be subject to SEBI Listing Regulations and will be reviewed in accordance with the provisions of the said regulations.

5. Approval of Related Party Transactions

- (i) All Related Party Transactions (one time or ongoing) shall be put up before the Audit Committee for its consideration and approval prior to the transactions.
- (ii) If the Audit Committee determines that the Transactions are not on Arms' Length Basis and not in Ordinary Course of Business, or are “Material”, or in any case requires the Board' approval, then it shall recommend such transactions to the Board for its approval.
- (iii) Further, if the Board determines that such transactions are “Material”, as per the criteria mentioned above, then it shall recommend such transactions to the Shareholders of the Company for their approval.

- (iv) The Audit Committee may also provide an Omnibus approval to such transactions which are repetitive in nature, on such terms and conditions as it may deem fit
- (v) Where the need for related party transaction can not be foreseen and details regarding the name of party, nature of transaction, period of transaction, maximum amount of transaction are not available, audit committee may grant omnibus approval for such transaction subject to their value not exceeding rupees one crore per transaction.
- (vi) The details of transactions for which the Audit Committee give the Omnibus approvals, shall be quarterly placed before the Committee, for its review.
- (vii) The Audit Committee shall determine whether the Transactions are on Arms' Length Basis and in Ordinary Course of Business, while providing its approval.
- (viii) Person/Department originating the Related Party Transaction shall ensure the compliance and will record/ store reasons/information to justify that the transaction is on Arms Length Basis.

6. Amendments

Notwithstanding the above, the applicable provisions and amendments, if any, under the Companies Act, 2013 and/ or SEBI Listing Regulations in respect of Related Party Transactions shall be implemented by the Company. The Audit Committee may recommend amendments to this Policy from time to time as it deems appropriate.

7. Disclosure

The Related Party Transactions shall be disclosed in the Company's applicable filings as required by the Companies Act, 2013 and SEBI Listing Regulations and the said Policy shall be disclosed on Company's Website and in the Annual Report as prescribed.