



Jeevan safal with DhanSafal

DHANSAFAL FINSERVE LIMITED:

**POLICY ON MATERIALITY OF
RELATED PARTY TRANSACTION**

Amended on: February 14, 2025

RELATED PARTY TRANSACTION POLICY

1. Preamble

The Board of Directors (the “Board”) of DhanSafal Finserve Limited (the “Company”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time. This policy will be applicable to the Company. This policy is to regulate transactions between the Company and all its Related Parties based on the applicable laws and regulations applicable to the Company.

2. Purpose

The Company is governed, amongst others, by the rules and regulations framed by Securities and Exchange Board of India (“SEBI”). SEBI has mandated every listed company to formulate a policy on materiality of Related Party Transactions (“RPT”) and also on dealing with Related Party Transactions.

- A. Accordingly, the 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.
- B. The Board of Directors of the Company (“Board”) on recommendation of the Audit Committee of the Company (“Audit Committee”) shall review the Policy once in three years and may amend the same from time to time.

3. Definitions

- (a) “Act” means Companies Act, 2013, including any statutory modification or re-enactment thereof.
- (b) “Audit Committee or Committee” means Committee of Board of Directors of the Company;
- (c) “Board” means Board of Directors of the Company;
- (d) “Key Managerial Personnel” means key managerial personnel as defined under the Act and includes
 - (i) Managing Director, or Executive Director or manager and in their absence, a whole-time director; (ii) Company Secretary; and (iii) Chief Financial Officer;
- (e) “Materiality Threshold” means limits for Related Party Transactions beyond which the shareholders' approval will be required as specified in Act and rules thereof and amendments thereto.
- (f) “Material Modification” means any subsequent modification in the original or existing Related Party transaction having variance of 10% of the existing limit or Rs. 100 Crore whichever is higher or any modification of other material terms including non-financial terms like credit period, scope of contract, etc., as sanctioned by the Audit Committee/Board/Shareholders, as the case may be.
- (g) “Material Related Party Transaction” shall have the same meaning ascribed to such term under Regulation 23 (1) read with 23 (1A) of the Listing Regulations;

- (h) “Ordinary course of business” if transactions satisfy any of the following criteria, such transactions will be generally in the ordinary course of business: I. The memorandum of Association of the Company should cover such transaction; II. There are previous instances of the Company having carried out such transaction; III. These transactions are frequent over a period of time; IV. The transaction should be in furtherance of the business objectives of the Company; V. The transactions, if not frequent, are important to the business objectives of the Company; VI. The transactions are incidental to the industry/ part of standard industry practice or but for which the business would be adversely affected. This is not exhaustive criteria and the Company should assess each transaction considering its specific type, nature, value and circumstances.
- (i) “Related Party” shall have the meaning ascribed to such term under Regulation 2(1) (zb) of the Listing Regulations and under sub-section (76) of Section 2 of the Act.
- (j) “Related Party Transaction” means a transaction as envisaged as a related party transaction under the Act and / or under the Listing Regulations (as amended from time to time);
- (k) “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.

All terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), as amended from time to time.

In case of any conflict between this Policy and applicable law, the applicable law (as existing on the date of the concerned transaction) shall prevail.

4. Interpretation:

In case of any dispute or difference upon the meaning/interpretation of any provision in the Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term / provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

5. Review and approval of Related Party Transactions: Audit Committee:

- All related party transaction and subsequent material modifications thereof, shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolutions by circulation and only those members of the Audit Committee, who are independent directors, shall approve related party transactions.

Provided that the members of the Audit Committee, who are independent directors, may ratify related party transactions within 3 months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees 1 crore;
- (ii) the transaction is not material;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of 23(9) of the Listing Regulations;

(v) any other condition as specified by the Audit Committee:

Provided further that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

- Also, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company or its subsidiary which are repetitive in nature and are in the ordinary course of business and on at Arm's Length basis, subject to compliance of the provision of the Act and Listing Regulations. Details of all such Related Party Transactions entered into by the Company or its subsidiary pursuant to omnibus approval granted by the Audit Committee shall be review at least by the Audit Committee on a quarterly basis
- Any member of the Committee who has potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction. To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions and/or prescribed under the Act and Rules thereunder, and the Listing Regulations with the Stock Exchanges.
- Further, any variations against the pre-approved transactions shall also be placed before the Audit Committee for ratification. Related party transactions with the wholly owned subsidiaries are exempted from any approval requirement and would require only periodical reporting, preferably on quarterly basis.

Board:

If the audit committee requires that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve or ratify the Related Party Transaction, then the Board shall consider and approve or ratify the Related Party Transaction and the considerations set forth above shall apply to the Board's review, ratification and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Shareholders:

All the material related party transactions and subsequent material modifications as defined by the audit committee **shall require prior approval of the shareholders** through resolution and the related party(ies) with whom transaction is to be entered shall abstain from voting on such resolution. All the transactions, other than the material related party transactions, with the related parties which are not in the ordinary course of business or at arm's length basis shall also require the approval of the shareholders through resolution, if so, required under any law and the related parties shall abstain from voting on such resolution.

6. Identification of Potential Related Party Transactions:

Each of the Promoter, member of Promoter Group, Director, Senior Management Personnel and Key Managerial Personnel is responsible for providing notice to the Board and the Audit Committee of any potential Related Party Transaction involving him or her or his/her relative, with additional information about the transaction that the Board/Audit Committee may require. The Board/Audit Committee will determine whether the transaction as reported constitute a Related Party Transaction requiring compliance with this Policy.

7. Related Party Transactions not approved under this Policy:

In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

8. Deemed Approval:

The transactions or arrangements which are specifically dealt under the separate provisions of the Law and executed under separate approvals/ procedures from relevant competent authority or committee shall be deemed to be approved under this Policy. Illustrative list of such transactions are enumerated below:

- a) Appointment and payment of remuneration, including any variations thereto, to Key Managerial Personnel pursuant to the Nomination and Remuneration Committee approval;
- b) Payment of remuneration, fees including sitting fees, commission, etc., to directors pursuant to the Nomination and Remuneration Committee approval;
- c) Share based incentive plans for the benefits of the Directors or Key Managerial Personnel pursuant to shareholders including ESOPs;
- d) Any benefits, interest arising to Related Party solely from the ownership of Company shares at par with other holders, for example, dividends, right issues, stock split, buy-back of securities or bonus shares approved by the Nomination and Remuneration Committee, if their approval is applicable and/ or Board or any other Board composed committee;
- e) Contribution with respect to Corporate Social Responsibility to eligible entity pursuant to approval of Board or the Corporate Social Responsibility Committee.
- f) the issue of specified securities on a preferential basis subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- g) retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors;
- h) Such other transactions which are specifically excluded to be considered as Related Party Transactions as per the applicable law.

9. Disclosure:

The Company shall, in relation to a Related Party Transactions, make the following disclosures:

- a) Details of the Related Party Transactions entered during the quarter shall be disclosed in the Audit Committee;
- b) The details of all transactions with related parties shall be submitted, in the format specified, half yearly to the stock exchanges, as per the manner and timelines set-out in the Listing Regulations and the same shall be published on the Company's website; Provided that the remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure; provided that the same is not material;
- c) The Company shall disclose the contract or arrangements entered into with the Related Party in the Board report to the shareholders;

- d) Details of all material transactions with related parties are to be disclosed quarterly along with the compliance report on corporate governance;
- e) The Company shall disclose this Policy in the Annual Report by providing a web link to this Policy;
- f) The approved Policy shall be uploaded on the website of the Company.

10. Review and Amendments:

If there is any amendment to the Act or Listing Regulations or any other statutory enactments, rules, affecting this Policy, then the relevant amended provision of the law or statute will prevail over this Policy. The Company reserves the right to amend or modify this Policy in whole or in part, at any point of time. The Company may amend the Policy as and when it deems necessary either pursuant to any change in law or otherwise. The Company shall be free to devise and implement any supplementary or other policies and guidelines in respect thereof for better implementation of this Policy.

**By the Board of Directors,
DhanSafal Finserve Limited.
Email-id: info@dhansafal.com**