SAMUNNATI FINANCE PRIVATE LIMITED	
POLICY	**RELATED PARTY TRANSACTION POLICY**
Reviewing Authority:	Audit Committee
Approving Authority:	Board of Directors
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POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

About the Company:

Samunnati Financial Intermediation & Services Private Limited (hereinafter referred to as "the Company") is a specialized Agri Value Chain enabler that provides innovative and customized financial and non-financial solutions. Samunnati leverages the social capital and trade capital in buyer seller relationships via Samunnati Aggregators (SA[1]), through non-traditional [2] sourcing, risk assessment and mitigation, aided by cutting edge technology, thereby building a quality business that is sustainable and results in inclusive growth.

Objective:

1. This Policy shall ensure that related party transactions of the Company are carried out in a transparent manner i.e. in ordinary course of business and at arm's length basis as per the legal provisions. This policy also aims at providing guidance in situations of potential conflict of interest and compliance matters relating to related party transactions.

2. This policy has been framed in order to comply with the requirements of RBI Master Direction No. RBI/DNBR/2016-17/45 DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 on NBFC-SI Non-Deposit taking Company and Deposit taking Company Directions, 2016.

3. This policy will guide the Company to effectively comply with the provisions of Companies Act, 2013, , the Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be applicable, Indian Accounting standards as issued by Institute of Chartered Accountants of India, Income Tax Act and such other statutes as may be put in place, in relation to Corporate Governance and Related Party Transactions. In order to comply with these requirements and as a good Corporate Governance practice, this policy on Related Party Transactions is adopted for implementation by the Board of Directors (the "Board") of the Company.

PART - A Scope and Purpose:

[1] Samunnati Aggregators (SA) are key partners who possess trade capital and social capital and whose interests are aligned with that of Samunnati. They give Samunnati access to potential clients with social capital and trade capital and also substantially participate in the risks in dealing with such clients.

[2] Non- traditional refers to new and innovative ways of how we do sourcing and risk assessment/mitigation, while retaining the basic principles of lending. We choose not to follow the traditional methods of sourcing and underwriting because we consider ourselves as not just lenders and also have the advantage of being able to mitigate risks by creating safety nets for customers & Samunnati via our value chain orientation.

During the course of its business, the Company enters into transactions with various entities. Some of the transactions are deemed to be 'Related Party Transactions' as per the Accounting Standards on Related Party Disclosures (IND AS 24), as notified by the Companies (Accounting Standards) Rules, 2006.

This policy shall be applied in:

1. Identifying related parties, updating and maintaining the database of such persons/entities;
2. Ascertaining that the transactions entered with the related parties are in 'ordinary course of business' and at 'arm's length basis';
3. Identifying related party transactions;
4. Obtaining approvals before entering into any related party transactions;
5. Determining the disclosures / compliances to be adhered in relation to the related party transactions.

In view of the above, pursuant to the review and recommendations of the Audit Committee of Directors at its meeting held on August 16, 2019, the Board of Directors of the Company (Board) approved this Policy at its meeting held on August 16, 2019 on matters relating to dealing with Related Party Transactions, as set out below.

Clarifications, Amendments and Updates:

As the Audit Committee of the Company is entrusted with the task of reviewing and approving transactions with Related Parties or any subsequent modifications thereof, it shall be the reviewing authority with respect to this Policy and shall recommend this Policy or amendments thereof for the approval of the Board.

The Audit Committee of the Company shall have the authority, either singly or jointly, to issue such guidance and clarifications as may be deemed necessary for the implementation of this Policy.

This Policy may be amended, pursuant to the recommendation of the Audit Committee and subject to the approval of the Board.

The Audit Committee shall review this Policy at such intervals as it may deem necessary and recommend the changes, if any, to this Policy for the approval of the Board of Directors of the Company.

All words and expressions used herein shall have the same meaning as assigned to them in the Companies Act, 2013, and/or Rules framed thereunder, as amended, from time to time.

PART - B : DEFINITIONS

Arm's Length Transaction

Explanation (b) to Section 188(1) of the Companies Act, 2013 defines an "arm's length transaction" to mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

Associate Company

In terms of Section 2(6) of the Companies Act, 2013 "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.

For the purposes of this term 'Associate Company', "significant influence" means control of at least twenty per cent of total share capital, or of business decisions under an agreement.

Audit Committee

The term "Audit Committee" means the committee of Board of Directors, the Company constituted in accordance with the provisions of Companies Act, 2013 and Rules made thereunder.

Related Party

The term Related Party has been defined under Section 2(76) of the Companies Act, 2013 as follows-
related party", with reference to a company, means—

(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 1[or his relative] is a member or director;

(v) a public company in which a director or manager is a director 2[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 on whose advice, directions or instructions a director or manager is accustomed

to act:

Provided that nothing in sub-clauses (vi) and (vii) 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;

(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;";

Rule 3 of the Companies (Specification of definitions details) Rules, 2014, provides that director or key managerial personnel of the holding company or his relative, shall also be deemed to be a related party.

Indian Accounting Standard

As per Indian Accounting Standard 24 (Ind AS 24) pertaining to Related Party Disclosures notified by the Companies (Accounting Standards) Rules, 2006, a Related Party is defined as follows -

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.

In view of the above definition, IND AS 24 further defines the terms 'control' and 'significant influence' as follows-

Control

a) ownership, directly or indirectly, of more than one half of the voting power of an enterprise, or
b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise, or
c) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.

Significant Influence

Participation in the financial and/or operating policy decisions of an enterprise, but not control of those policies.

Related Party Transaction

As per Section 188 of the Companies Act 2013, as amended from time to time, Related Party Transaction 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:

Relative

In terms of Section 2(77) of the Companies Act, 2013 read with the Companies (Specification of definitions details) Rules, 2014 a person is said to be a relative of another, if

a) They are members of a Hindu undivided family;
b) They are husband and wife;
c) Father (including stepfather);
d) Mother (including stepmother);
e) Son (including step-son);
f) Son's wife;
g) Daughter;
h) Daughter's husband;
i) Brother (including stepbrother); or Sister (including stepsister).

PART - C

TERMS OF THE POLICY

1. All Related Party Transactions (RPTs) shall require prior approval of the Audit Committee, except where the transactions are in the ordinary course of business of the Company. However, the Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the Company subject to the following conditions:

   (i) The Audit Committee shall ***after obtaining approval of the Board of Directors*** lay down the criteria for granting the omnibus approval in line with the policy on

Related Party Transactions of the Company in respect of transactions which are repetitive in nature.

(ii) Prior to granting of such approval, the Audit Committee shall satisfy 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 suchtransactions subject to their value not exceeding INR10 Lakhs per transaction

(iv) Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered by the Company pursuant to each of the omnibus approval given

(v) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one 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 transactions shall require Board approval.

3. If in the opinion of the Audit Committee, the intended related party transaction is not in the Ordinary Course of Business and/or not on an Arm's Length basis and exceeding the threshold prescribed by Companies Act, 2013 and Rules made thereunder or is a material transaction, it shall advise the Board of Directors to seek prior approval of the Shareholders of the Company by a Special Resolution for such transaction. However, Shareholders approval shall not be required for Material transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with that of the Company and placed before the shareholders at the general meeting for approval

Role of the Board of Directors and the Audit Committee:

The Board of Directors shall be responsible to provide overall direction and monitor the Related Party Transactions regime in the Company from time to time.

The Audit Committee shall review each Related Party Transaction subject to applicable regulations (including but not restricted to Companies Act, 2013, SEBI LODR Regulations, RBI

Master Direction and Accounting Standards, as may be amended from time to time), basedon materiality, arm's length and ordinary course of business and recommend the same to the Board of Directors for approval. The Audit Committee shall be responsible for overall monitoring and supervision of the Related Party Transactions regime in the Company.

GOVERNANCE STRUCTURE

1. **Identification of Related Party Transactions**

i) 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.

ii) In terms of Section 188 (1) of the Companies Act, 2013, the Company cannot enter into any contract or arrangement with a Related Party, without the consent of the Board with respect to the following contracts/ arrangements viz.

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.

In relation to the above, the expression "office or place of profit" has been explained to mean any office or place—

a) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent- free accommodation, or otherwise;

b) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

(iii) In terms of Section 188(1) of the Companies Act, 2013, the consent of the Board and the shareholders of the Company will not be required in case any of the aforementioned transactions entered into by the Company are in the ordinary course of business and on an arm's length basis and

for transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval

(iv) The Company has established internal procedures wherein the relevant details of Related Parties are collated based on the disclosures received. This list shall be shared with the concerned departments for their information and necessary compliances as stated in this Policy.

(v) The Related Party list shall be updated periodically and shall be reviewed at least once a year.

(vi) 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.

2. Ascertainingwhether Related Party Transactionsare on an Arm's Length Basis

The tests for ascertaining arm's length relationship in case of contracts / arrangements that may be entered into by the Company with its related parties could be on the following lines -

(a) The contracts/ arrangements are entered into with related parties, at such prices/ discounts/premiums and on such terms which are offered to un-related parties of similar category/ profile, if available.

(b) The contracts/ arrangements have been commercially negotiated.

(c) The pricing is arrived at as per the guidelines that may be issued by the Ministry of Corporate Affairs, Government of India/ Income Tax Act, 1961, Securities and Exchange Board of India as applicable to any of the contract/ arrangements contemplated under the Companies Act, 2013, or Rules framed thereunder.

(d) The payments to group companies are made in the manner and at such rates prevalent in the market for similar category of goods and services and similar category/ profile of customers.

(e) Any modification to the original contract/ arrangements is substantially on the same price/discount/ premium and on such terms, as offered to un-related parties of similar category/ profile.

Such other criteria as may be issued by the Institute of Chartered Accountants of India or any other statutory/ regulatory authority

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

(a) In order to decide whether or not a contract or arrangement is being entered by the Company

is in its ordinary course, the Company shall consider whether such contract/ arrangement is germane to attainment of the main objects as set out in its Memorandum of Association or such other activities as may be permitted, from time to time by Reserve Bank of India, the principal regulator of the Company.

(b) The Company shall also consider whether the transaction contemplated under the proposed contract or arrangement is either similar to contracts or arrangements which have been undertaken in the past, or, in the event that such transaction is being undertaken for the first time, whether the Company intends to carry out similar transactions in the future.

(c) Further, whether the transaction value is within the reasonable range for similar types of other transactions, will also be an important consideration. An exceptionally large value transaction should invite closer scrutiny.

(d) The transaction is not

i) an exceptional or extra ordinary activity as per applicable accounting standards or financial reporting requirements;

ii) any sale or disposal of any undertaking of the Company, as defined in explanation to clause (a) of sub-section (1) of section 180 of Companies Act, 2013.

(e) These are not exhaustive criteria and the Company will have to assess each transaction considering its specific nature and circumstances. In case of any confusion, final decision will be taken by the Group Chief Financial Officer.

PART - E

DISSEMINATION OF INFORMATION BY THE COMPANY

The Company shall disclose the details of all material transactions with related parties in its annual report and also disseminate this policy on dealing with Related Party Transactions on its website and also in the Annual Report. The Company shall also make relevant disclosures in its Annual Report and maintain such registers as required under the provisions of the Companies Act, 2013, and Rules made thereunder.