

**XANDER FINANCE PRIVATE LIMITED ('THE COMPANY')
POLICY ON RELATED PARTY TRANSACTION**

DATE OF REVIEW: REVIEWED BY THE BOARD OF DIRECTORS IN THE BOARD MEETING HELD ON FEBRUARY 10, 2022

1. INTRODUCTION:

Xander Finance Private Limited ('XFPL' or 'Company') is registered with the Reserve Bank of India ('RBI') as a Systemically Important Non-Deposit Accepting Non-Banking Financial Company (NBFC-ND-SI). The Company provides end to end credit solutions including advisory services, deal structuring, financing, and workouts to investors, developers, asset owners, private equity owners and large corporations across a range of industries. The Company in ordinary course of business transacts with various parties for availing or rendering of services. Such parties might be related to the Company directly or indirectly. The Company recognizes that a transaction with related party may have potential conflict of interest and concerns may arise whether such transactions are consistent with the Company's and its shareholders interest. Such transactions with related parties shall be considered appropriate only if they are in the best interest of the Company and its shareholders and are in compliance with the laws applicable to the Company.

In order to comply with the applicable provisions of the Companies Act, 2013 and other laws, the Board of Directors of the Company have adopted this "Policy on Related Party Transaction" (hereinafter referred to as "Policy"). The Policy aims to define materiality of related party transactions and manner of dealing with related party transactions and ensure proper approval and reporting of related party transactions between the Company and its related parties.

2. PURPOSE:

The purpose of the Policy is to ensure compliance with the following applicable regulations:

- a) Master Direction-Non-Banking Financial Company-Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (as amended from time to time) ("RBI Directions");
- b) Section 188 and other applicable sections of the Companies Act, 2013 ("Act") read with rules made thereunder;
- c) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations, 2015');
- d) Indian Accounting Standard 24 ('Ind AS-24') – Related Party Disclosures and other relevant Indian Accounting Standards notified under the Companies Act, 2013; and
- e) Any other applicable laws.

3. DEFINITIONS:

- a) “**Annual Turnover**” means turnover of the Company as reflected in the Audited Financial Statements of the immediately preceding financial year on standalone and consolidated basis respectively;
- b) “**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, and the term ‘arm’s length’ shall be construed accordingly.
- 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:

- i) Significant influence here means control of at least twenty percent of the total voting power, or control of or participation in business decisions under an agreement.
 - ii) Joint Venture here means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.
- d) “**Audit Committee**” means a Committee constituted by the Board of Directors in accordance with Section 177 and other applicable provisions of the Act;
 - e) “**Board**” means Board of Directors of the Company;
 - f) “**Company Secretary**” means a company secretary as defined in clause I of sub-section (1) of section 2 of the Company Secretaries Act, 1980 who is appointed by the Company to perform the functions of the Company Secretary under the Act;
 - g) “**Director**” means a director appointed to the Board of the Company;
 - h) “**High Value debt listed entity**” refers to a listed entity which has listed its non-convertible debt securities and has an outstanding value of listed non-convertible debt securities of Rupees Five Hundred and above.”
 - i) “**Key Managerial Personnel**” 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 under the Act.

- j) **“Majority shareholder”** refers to Xander Credit Pte Ltd, Holding Company of Xander Finance Private Limited.
- k) **“Manager”** means an individual who, subject to the superintendence, control and direction of the Board of Directors, has the management of the whole, or substantially the whole, of the affairs of a Company, and includes a director or any other person occupying the position of a manager, by whatever name called, whether under a contract of service or not;
- l) **“Material Related Party Transaction”** means any Related Party transaction being contracts or arrangements with value (taken individually or together with previous transactions during the year) exceeding limits as prescribed in Rule 15(3) of The Companies (Meeting of Board and its Powers) Rules, 2014 read with Section 188 of the Act as provided in Annexure-I;
- m) **“Net worth”** means the aggregate value of the paid-up share capital and all reserves credited out of the profits [securities premium account and debit and 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;
- n) **“Ordinary Course of Business”** is not defined under the Act or Rules made there under. The Audit committee and Board of Directors of the Company should adopt a reasonable approach / methodology to demonstrate ‘Ordinary Course of Business’ which shall, *inter alia*, include the nature of the transaction, frequency / regularity / length of time the Company is engaged in such transaction, such arrangement / action is consistent with the past practices and was taken in the ordinary course of the normal operations of the Company, common commercial practice followed by the Company, undertaken by other entities as well that are in the same /similar line of business.
- o) **“Related Party”** in relation to the Company means-
- i. a Director or his / her relative;
 - ii. a Key Managerial Personnel or his / her relative;
 - iii. a firm, in which a Director, Manager or his / her Relative is a partner;
 - iv. a Private Company in which a Director or Manager or his / her relatives 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 the advice, directions or instructions are given in a professional capacity;
 - vii. any person under whose advice, directions or instructions a Director or Manager is accustomed to act unless the advice, directions or instructions are 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

Explanation: For the purpose of this clause, “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.

ix. such other person as may be prescribed under Section 188 of the Act.

p) “Related Party Transaction (“RPT”) means any transaction with related parties and it also includes transactions as specified under clause (a) to (g) of sub-section (1) of Section 188 of the Act namely:

- 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;
- g) underwriting the subscription of any securities or derivatives thereof, of the Company.

q) “Relative” means relative as defined under Section 2(77) of the Act and includes anyone who is related to another in any of the following manner:-

- i. they are members of a Hindu Undivided Family;
- ii. they are husband and wife;
- 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)

r) “Whole Time Director” means a director in the whole-time employment of the Company.

Any other term not defined herein shall have the same meaning as defined in the Act and other applicable law(s).

4. IDENTIFICATION OF RELATED PARTY:

4.1 The Principal officer, Company Secretary, Compliance and Finance function of the Company should severally identify transactions with related party as defined above or transactions having any potential of a related party involving himself /herself or his / her relative.

4.2 Once a transaction with related party is identified, following officials should severally or jointly inform and disclose the arrangement and material terms if any of the proposed transaction to the Audit committee:

- a) Any Director of the Company;
- b) Any Key Managerial Personnel
- c) Company Secretary
- d) Principal Officer

5. APPROVAL OF RELATED PARTY TRANSACTIONS:

5.1 Related party transactions must be approved as per the below mentioned matrix:

Nature of related party transaction	Approval from respective authority
Transactions with related parties which are under ordinary course of business and at arm's length basis	<ul style="list-style-type: none"> i) Prior approval from the Majority shareholder as per reserved matters of Articles of Association; ii) Recommendation and approval from Audit committee; iii) Approval from Board of Directors
Transactions with related parties which are not under ordinary course of business and at arm's length basis or vice-versa but the value of the transactions are within the limits as prescribed (as amended from time to time) provided in Annexure -I	<ul style="list-style-type: none"> i) Prior approval from the Majority shareholder as per reserved matters of Articles of Association; ii) Recommendation and approval from Audit committee; iii) Recommendation and approval from Board of Directors; iv) Approval from shareholders

<p>Transactions with related parties (irrespective of the proposed transaction being under ordinary course of business and at arm's length basis) where the value of transaction exceeds the limits as prescribed (as amended from time to time) provided in Annexure -I</p>	<p>i) Prior approval from the Majority shareholder as per reserved matters of Articles of Association; ii) Recommendation and approval from Audit committee; iii) Recommendation and approval from Board of Directors; iv) Approval from shareholders</p>
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5.2 The agenda of the Audit committee and Board meeting at which the resolution is proposed to be moved should disclose the following and the Audit Committee and the Board of Directors should take into account the following factors while dealing with related party transactions:

- a) the name of the related party and nature of relationship;
- b) the nature, duration of the contract and particulars of the contract or arrangement;
- c) the material terms of the contract or arrangement including the value, if any;
- d) any advance paid or received for the contract or arrangement, if any;
- e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- f) whether the transaction is in the ordinary course of business and on arm's length;
- g) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- h) any other information relevant or important for the Board to take a decision on the proposed transaction.

5.3 Directors / committee members concerned or having interest in the related party transaction, directly or indirectly, should not participate in the discussions and abstain from voting on resolution for such transactions in the Board and committee meetings.

5.4 Since the Company is not classified as High Value debt listed entity, the provisions of Regulation 23 of the SEBI (LODR), Regulations, 2015 shall not be applicable and the disclosure obligations as prescribed under circular SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/0000000006 dated January 07, 2022 read with SEBI circular no SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021 issued by SEBI shall not be applicable to the Company.

6. OMNIBUS APPROVAL FROM AUDIT COMMITTEE FOR RELATED PARTY TRANSACTIONS ON ANNUAL BASIS:

6.1 Where related party transactions are repetitive in nature and are carried in ordinary course of business and at arms-length basis, the Audit Committee may grant omnibus approval for

related party transactions subject to compliance with the conditions as specified in **Annexure - II**.

6.2 The Audit Committee should satisfy itself the need for the omnibus approval for related party transactions that are repetitive in nature and that same is in the interest of the Company.

7. RELATED PARTY TRANSACTIONS NOT APPROVED AS PER THE TERMS OF THIS POLICY:

When any contract or arrangement is entered into by a Director or any other employee of the Company, without obtaining the consent of the Audit committee or Board of Directors or approval by a resolution in the general meeting as the case maybe then such transaction with related party should be ratified by the Audit committee and Board of Directors within three months from the date on which such contract or arrangement was entered. Such contract or arrangement should be voidable at the option of the Board or, as the case may be, of the shareholders and if such contract or arrangement is with a related party associated any Director, or is authorised by any other Director, the Director concerned should indemnify the Company against any loss incurred by it.

8. NON-APPLICABILITY OF SECTION 188 OF COMPANIES ACT, 2013:

The provisions of Section 188 of the Companies Act, 2013 shall not apply to any related party transaction entered between the Company and Balestier Ventures Private Limited, wholly owned subsidiary of the Company. Such transactions shall be exempted from taking approval of Board /Audit committee / shareholders. However, the Company is obligated to obtain prior approval from the Majority Shareholder.

9. DISCLOSURES WITH RESPECT TO RELATED PARTY TRANSACTIONS:

Following disclosures should be made by Board of Directors of the Company:

- i. Every contract or arrangement entered into under Section 188 of the Act should be disclosed in the Board's Report of the Company along with the justification for entering into the said transaction;
- ii. As per the RBI Directions, all material related party transactions should be disclosed in the Board's report;
- iii. Policy on Related party transactions should be disclosed on the website and the link of the same shall be provided in the Annual report of the Company;

iv. Relevant disclosures as prescribed under Ind AS – 24 – Related Party Disclosures to be provided in the annual financial statements of the Company.

10. REVIEW:

The Audit committee should annually review the Policy on Related Party Transactions of the Company. In case of any amendments to the policy, the Audit committee should recommend such modifications to the Board of Directors for their approval.

Annexure -I

Related party transaction limits as prescribed under Rule 15(3) of The Companies (Meeting of Board and its Powers) Rules, 2014 [as amended from time to time]

- a) Sale, purchase or supply of any goods or materials, directly or through appointment of agent exceeding 10% of the annual turnover of the Company;
- b) Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agent, exceeding 10% or more of net worth of the Company;
- c) Leasing of property of any kind exceeding 10% or more of the turnover of the Company;
- d) Availing or rendering of any services, directly or through appointment of agent, exceeding 10% or more of the annual turnover of the Company;
- e) Appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding Rs. 2.5 lakhs;
- f) Underwriting the subscription of any securities or derivatives thereof, of the Company exceeding 1% of the Net Worth.

Note:

- i. The limits as specified above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.*
- ii. The turnover or net worth referred shall be computed on the basis of the audited financial statement of the preceding financial year.*

Annexure-II

Conditions for granting Omnibus Approval by Audit Committee:

- I. After obtaining the approval from the Board of Directors, the Audit committee should 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 disclosure 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 transactions 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.

- II. The Audit Committee should 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;
 - c. 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;
 - d. The omnibus approval should contain or indicate the following:
 - i. Name of the related parties;
 - ii. Nature and duration of the transaction;
 - iii. Maximum amount of transaction that can be entered into;
 - iv. The indicative base price or current contracted price and the formula for variation in the price, if any; and
 - v. Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction
 - e. In the event where the need for related party transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may make omnibus approval for such

transactions subject to their value not exceeding Rs.1,00,00,000 (Rupees One crore) per transaction;

- f. Omnibus approval will be valid for a period not exceeding one financial year and will require fresh approval after the expiry of such financial year;
- g. Omnibus approval will not be made for transactions in respect of selling or disposing of the undertaking of the Company;
- h. Any other conditions as the Audit Committee may deem fit.

Particulars	Date of adoption/ review/ revision
Adoption	November 13, 2019
Review	March 11, 2020
Review	March 23, 2021
Review	February 10, 2022