

ENES FINANCE PRIVATE LIMITED

CIN: U65990MH2019PTC320523

Registered office Address: 603, Gateway Plaza, Hiranandani Garden, Powai, Mumbai – 400076

Email: enesfinancepvtltd@gmail.com web: www.enesfinance.com

Policy on Related Party Transactions

1. PREAMBLE

This Policy is being framed with the objective of ensuring compliance with the provisions pertaining to Related Party Transactions in the **Companies Act, 2013 ("Act")**, the **Rules made thereunder** and the applicable provisions of the **"Master Directions and regulations framed by RBI ("RBI Directions")**.

Related Party Transactions referred to throughout this Policy shall mean contracts / arrangements / transactions with a Related Party (as defined under the Act). Accordingly, Related Party Transactions may be entered into by the Company only in accordance with this Policy as amended from time to time.

2. PURPOSE

The Policy intends to define a governance framework for proper approval and reporting of transactions between Enes Finance Private Limited ("the Company") and its Related Parties. The Company is required to disclose each year in the Financial Statements and the Board Report all material transactions between the Company and Related Parties. The Company is also required to disclose the Policy on dealing with Related Party Transactions on its website.

3. REVIEW OF POLICY

The Board/ Committee shall review and accordingly may amend this policy, as and when required by the applicable laws, rules and regulations.

4. DEFINITIONS

"Committee" means a committee if any of the Board of Directors of the Company constituted under provisions of the RBI Directions and the Companies Act, 2013. The Board/ Committee shall review and accordingly may amend this policy, as and when required by the applicable laws, rules and regulations.

"Board" means the Board of Directors of the Company constituted under provisions of the Companies Act, 2013.

"Key Managerial Personnel" means key managerial personnel as defined under the Companies Act, 2013 and includes

- i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-Time Director;
- ii. Company Secretary; and
- iii. Chief Financial Officer



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“Material Related Party Transaction” a transaction shall be considered as material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company or such other limits (whichever is lower) as may be prescribed either in the Companies Act, 2013 from time to time.

“Related Party” : An entity shall be considered as related to the Company if:

- i. Such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- ii. Such entity is a related party under the applicable Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).
- iii. Such entity is a related party as per RBI directions.

“Related Party Transaction” shall mean all transactions between the Company on one hand and one or more related party on the other hand including contracts, arrangements and transactions as envisaged in Section 188(1) of the Companies Act, 2013 and/ or applicable Accounting Standards issued by the ICAI and / or as mentioned in RBI directions.

5. POLICY STANDARDS

All Related Party Transactions unless exempted as per provisions of Companies Act, 2013 or Accounting Standards or RBI directions, must be reported to the Board/ Committee as the case may be and / or referred for approval to the relevant authorities in accordance with this Policy.

5.1 Identification of Potential Related Party Transactions

For identification of the Related Parties, a Related Parties (RP) list basis intimations received from the Directors / KMPs or changes in corporate or investment structure, as informed from time to time. The names/ details of all RPs identified shall be consolidated as a RP List, which shall be updated on a regular basis.

Each director and Key Managerial Personnel shall be responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. The Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company's directors and KMP shall endeavor to intimate such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

All Related Party Transactions for the period, reported to the Company Secretary, shall be placed for approval / noting / ratification by the Board of Directors/ Audit Committee, in accordance with this Policy. To review a Related Party Transaction, the Board / Audit Committee will be provided with all the relevant information pertaining to the Related Party



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Transaction, including the name of the related party, the nature of the relationship, nature of the transaction, whether the transaction is in the 'Ordinary Course of Business', whether the transaction is at 'Arm's Length' and/or in terms of the transfer pricing norms prescribed under the Income Tax Act, 1961 (as the case may be) and any other matter, as may be required.

5.2 Board of Directors / Audit Committee may grant omnibus approval, for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- a. The Board of Directors / Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b. The Board of Directors / Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- c. 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, 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 such transactions subject to their value not exceeding Rs.1 crore per transaction.

Additionally, other related party transactions prescribed under the Accounting Standards issued by the ICAI may be presented to the Board of Directors / Audit Committee for its review and noting.

5.3 Broad Parameters to assess "Ordinary Course of Business"

The phrase "Ordinary Course of Business" has not been defined under the Act or Rules made thereunder. However, the Company shall adopt a reasonable approach/ methodology to demonstrate 'Ordinary Course of Business' which shall, inter alia, include the Nature of the transaction, the frequency / regularity / length of time the company is engaged in such transaction, such transaction/ action being consistent with the past practices and was taken in the ordinary course of the normal day-to-day operations of such company, common commercial practice i.e. customarily taken, in the ordinary course of the normal day-to-day operations of other companies that is in the same / similar line of business.

5.4 Broad Parameters to assess "Arm's Length"

For transactions between two related parties to be considered to be at Arm's Length Pricing, the transaction should be conducted between the two parties as if the parties were unrelated, so that there is no conflict of interest i.e. Arm's Length Pricing is the condition or the fact that the two related parties transact as independent (un-related) parties and on an equal footing from one or more of the following aspects viz. nature of goods/ services, risk assumed, assets/ resources employed, key terms/ covenants.



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The Management may, if a need is felt, consult / engage any external legal / transfer pricing expert / valuer to assess / determine the arms length pricing of a potential related party transaction.

5.5 Materiality Thresholds for Related Party Transactions

- a. The Company will follow Materiality Thresholds for Related Party Transactions as defined in the Policy under the definition section.
- b. The Company shall institute an appropriate framework to provide for approvals / noting of all Related Party Transactions to comply with this Policy.

5.6 Review and Approval of Related Party Transactions

Related Party Transactions will be referred to the next regularly scheduled meeting of the Board of Directors / Audit Committee for review /noting and/ or approval as above. In the event the management determines that it is impractical or undesirable to wait until a meeting of the Board / Committee for the approval of a Related Party Transaction, due to business exigency or otherwise, such transaction may be approved by the Board / Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force.

To review a Related Party Transaction, the Board / Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, business purpose of the transaction, benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction (in cases where approval is required), the Committee may consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought (in cases where prior approval is required) and whether subsequent ratification is allowed and would be detrimental to the Company; and



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Notwithstanding the foregoing & unless otherwise prescribed by RBI, the following Related Party Transactions shall not require approval of Board or its Committee:

- i. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
- iii. Transactions made in ordinary course of business at arms length basis and without giving any additional benefits to the related party

The relevant aspects of this Policy will be communicated to all the directors and concerned employees/ officials of the Company.

For ENES FINANCE PRIVATE LIMITED


SHRIDHAR NARAYAN
DIRECTOR
DIN: 00019087

