

Policy on dealing with related party transactions

1. Introduction and Background

Manba Finance Limited (hereinafter referred to as ‘the Company’) recognizes that related party transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its stakeholders' best interests. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed there under and Regulation 23 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (“**Listing Regulations**”) and the applicable provisions of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (“**RBI Directions**”).

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

2. Objective

The objective of this Policy is to ensure timely identification, approval, disclosure and reporting of transactions between the Company and its related parties. The Company shall engage with related parties in the ordinary course of business and on arm’s length basis and ensure that transactions with related parties are fully compliant with applicable regulations.

The provisions of the Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of related party transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

3. Definitions

- a. “**Arm’s length transaction (‘ALP’)**” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- b. “**Related Party**” is a party as defined in Section 2(76) of the Act and/or Regulation 2(1)(zb) of the Listing Regulations.
- c. “**Related Party Transaction (RPT)**” means – for the purpose of Companies Act, 2013, specified transactions mentioned in clause (a) to (g) of sub-section 1 of Section 188 and as per regulation 2(zc) of SEBI LODR a transfer of resources, services, or obligations between a listed entity and a related party, regardless of whether a price is charged and a “transaction” with related party shall be construed to include a single transaction or group of transactions in a contract.
- d. “**Audit Committee or Committee**” means a committee of the Board of Directors of the Company constituted under provisions of the Companies Act, 2013, Listing Regulations and RBI Directions. The Board/ Audit Committee shall review and accordingly may amend this policy, as and when required by the applicable laws, rules and regulations.

- e. **“Board”** means the Board of Directors of the Company constituted under provisions of the Companies Act, 2013 & Listing Regulations.
- f. **“Key Managerial Personnel”** in relation to the Company means:
- I. the Chief Executive Officer or the managing director or the manager;
 - II. the Company Secretary;
 - III. 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.
- g. **“Material Related Party Transaction”** means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds rupees one thousand crores or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company whichever is lower or such limits as may be prescribed either in the Companies Act, 2013 and/or Regulation/Rules/Guidelines or other Directions.
- Further, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed **five percent** of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- h. **“Material modifications”** shall mean any modification made in the terms and conditions of any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee and/or shareholders, as the case may be, having a significant impact on the nature, value, tenure, exposure, or likely financial impact of such transaction, as may be determined by the Audit Committee from time to time.
- i. **“Ordinary course of business”** in order to determine whether a transaction is within the ordinary course of business or not, some of the principles that may be adopted to assess are as follows: (i) whether the transaction is in line with the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities, or (ii) whether it is permitted by the Memorandum and Articles of Association of the Company; or (iii) whether the transaction is such that it is required to be undertaken in order to conduct the routine or usual transactions of a company.

4. Policy Standards

All RPTs (including subsequent Material Modifications) must be reported to the Board/ Audit Committee (as the case may be) and be referred for approval of the Audit Committee/Board/shareholders (as the case may be) in accordance with this Policy.

Identification of Potential RPTs

For identification of the Related Parties, the Secretarial function shall prepare/ update a Related Parties 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 by the Secretarial Team. The updated RP List will be shared with all relevant functions and shall be referred by the Controllership/ Finance Team for monitoring of the transactions and ensuring compliance at their end.

Each director and Key Managerial Personnel shall be responsible for providing notice to the Board or Audit Committee of any potential RPTs 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 RPT requiring compliance with this Policy.

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

All RPTs for the period shall be placed for approval by the Board of Directors/ Audit Committee, in accordance with this Policy. To review a RPT, the Board / Audit Committee will be provided with all the relevant information pertaining to the RPT, which shall include all such information as prescribed as per the Act and the Listing Regulations.

5. Prior approval of Audit Committee

- All RPTs defined/ stipulated under the Act and Listing Regulations and subsequent Material Modifications shall require prior approval of the Audit Committee.
- Only those members of the Audit Committee, who are Independent Directors, shall approve such Related Party Transactions. Further, any member of the Audit Committee who has a potential interest in any related party transaction shall abstain from discussion and voting on the approval of the related party transaction.
- However, the Audit Committee may grant omnibus approval for recurring transactions with related parties, in compliance with requirements of the Act and the SEBI Listing Regulations.

The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;

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 requisite details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

The Audit Committee shall determine whether the transaction does, in fact, constitute a related party transaction requiring compliance with this Policy.

The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the company pursuant to each of the omnibus approval given;

Such omnibus approval shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company and/or any other transaction that the Audit Committee may deem not fit for omnibus approval.

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

6. Assessment for approval

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review such documents and seek such information as it deems necessary from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not.

7. Approval of the Board of Directors of the Company

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

8. Approval of the Shareholders of the Company

All Material Related Party Transactions and subsequent Material Modifications thereto, whether in ordinary course of business and/or arm's length basis or not, shall require prior approval of the shareholders. For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business and at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

However, the requirement of shareholders' approval shall not be applicable for transactions entered into between the company and its wholly owned subsidiary whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.

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 in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit 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 Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate. In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

Disclosures

The Board's Report will contain details of contracts or arrangements or transactions

- a. not at arm's length basis and (ii) material (based on the thresholds laid down under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014) contracts or arrangement or transactions at arm's length basis and / or in ordinary course of business, (iii) justification for entering into such transaction in accordance with the requirements of Companies Act, 2013 and rules made thereunder.
- b. The Company shall submit disclosures of related party transactions along with the financial results for the half year on a standalone / consolidated basis, in the format specified by the SEBI, from time to time, and publish the same on its website.
- c. The Company shall also provide details of all material related party transactions on a half yearly basis to the stock exchanges along with the Compliance Report on Corporate Governance.

Review

This Policy shall be reviewed by the Audit Committee as and when any changes are to be made in the Policy. Any changes or modification in the Policy as recommended by the Committee shall be presented to the Board for their approval.