

EQUITAS HOLDINGS LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. Preamble

Equitas Holdings Limited (“Company”) recognises that Related Party Transactions (as defined below) can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company’s interests. This Policy spelling out the review and approval of Related Party Transactions has been adopted by the Company’s Board of Directors, as recommended by the Audit Committee, in order to set forth the procedures under which such transactions must be reviewed and approved or ratified.

This Policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company. The Board of Directors of the Company will review and, if required, amend this Policy from time to time and such amended Policy shall also be in conformity with the provisions of the Companies Act 2013, the Rules made thereunder and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and the same be approved in the manner as may be decided by the Board of Directors of the Company from time to time.

2. Purpose

This Policy is intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions may be considered appropriate only if they are in the best interest of the Company and its shareholders.

3. Definitions

- a) “Audit Committee or Committee” means the Audit & Risk Management Committee of the Board of Directors of the Company;
- b) “Board” means the Board of Directors of the Company;
- c) “Key Managerial Personnel” means the following managerial personnel as defined under the Companies Act, 2013:
 - (i) the Chief Executive Officer or the Managing Director or Manager;
 - (ii) the Company Secretary;
 - (iii) the Whole-Time Director;
 - (iv) the Chief Financial Officer and
 - (v) such other officer as may be prescribed under the Companies Act 2013;
- d) “Policy” means this Related Party Transactions Policy;
- e) “Related Party” means an entity which is a related party as defined in Section 2(76) of the Companies Act, 2013 or if such entity is related party under the applicable Accounting Standards;
- f) “Related Party Transaction” means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged;

- g) "Transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.
- h) "Material Related Party Transaction" means a transaction with a related party if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds such limit of the annual consolidated turnover (gross income) of the Company as specified in Listing Regulations in force from time to time; &
- h) "Relative" means a relative as defined in Section 2(77) of the Companies Act, 2013.

4. Policy

a) Identification of Potential Related Party and Transactions

Every Director and Key Managerial Personnel is responsible for providing notice to the Board or the Audit Committee of the list of related parties as covered under Section 2(76) of the Companies Act as well under Accounting Standard 18. This list of related parties shall be updated on an annual basis and further changes informed as soon as possible. Each director as well as KMP shall inform in advance the Company 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. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

b) Review and Approval of Related Party Transactions

i) Approval of the Audit Committee:

- a) All Related Party Transactions shall require prior approval of the Audit Committee unless otherwise specifically exempted in accordance with this Policy.
- b) Any Member of the Committee who has a potential interest in any Related Party Transaction will recuse himself/herself and abstain from a discussion and voting on the approval of the Related Party Transaction(s).
- c) The Audit Committee shall be provided with the material facts of such Related Party Transactions and the Audit Committee will determine whether to approve such Related Party Transactions or not.
- d) In assessing a Related Party Transaction, the Audit Committee shall consider such factors as it deems appropriate, including without limitation –
 - i. the business reasons for the Company to enter into the Related Party Transaction;
 - ii. the commercial reasonableness of the terms of the Related Party Transaction;
 - iii. the materiality of the Related Party Transaction to the Company;

- iv. whether the terms of the Related Party Transaction are fair to the Company and on the same basis as would apply if the transaction did not involve a Related Party; and
 - v. the extent of the Related Party's interest in the Related Party Transaction.
- e) The following Related Party Transactions shall not require approval of Audit Committee or Shareholders:
- i. Any transaction that involves 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; and
 - ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company.
- f) As per its terms of reference under Section 177 of the Companies Act, 2013, such transactions with Related Parties will be reviewed by the Audit Committee on a quarterly basis.

Mechanism for determining Ordinary course of business and Arm's length basis:

- a) All transactions or activities that are necessary, normal and incidental to the business of the Company shall be deemed to be in the ordinary course of business. These may also be common practices and customs of commercial transactions.
- 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. In this regard, Transfer Pricing guidelines issued by the relevant authorities under the provisions of Income-Tax Act 1961 may be used to determine the criteria on a case to case basis.

ii) Approval of the Board of Directors of the Company:

- a) As per the provisions of Section 188 of the Companies Act, 2013, all kinds of transactions specified under the said Section and which are not in the ordinary course of business and at arm's length basis, are placed before the Board for its approval.
- b) In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:
 - i) Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
 - ii) Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;

- iii) Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
- iv) Transactions meeting the materiality thresholds laid down under Listing Regulations, which are intended to be placed before the shareholders for approval.

iii) Approval of the Shareholders of the Company:

- a) All the transactions with related parties exceeding the materiality thresholds as laid down in the Listing Regulations/Companies Act, 2013, are placed before the shareholders for approval.

5. Omnibus approval

Criteria and the need for granting omnibus approval

- a) The Audit Committee may, in the interest of the Company to ensure smooth operations, grant omnibus approval for Related Party Transactions proposed to be entered into by the Company which are repetitive in nature and which are routine and incidental to the general operations of the Company, subject to such conditions as it may deem fit. Such approval shall be valid for a period not exceeding one year and shall specify the following:
 - i. The name(s) of the Related Party;
 - ii. The nature of the transaction, period of transaction, maximum amount of transaction that can be entered into &
 - iii. The indicative base price/current contract price and the formula for variation in the price, if any and
 - iv. Such other conditions as the Audit Committee may deem fit.
- b) The Audit Committee may also grant omnibus approval, without the above details, for unforeseen transaction subject to a value not exceeding ₹ 1 crore per transaction.
- c) Such Omnibus approvals shall be valid for a maximum period of one year.
- d) The Audit Committee shall review the details of Related Party Transactions entered into by the Company pursuant to such Omnibus approvals, on a quarterly basis.

6. 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 Audit Committee. The Audit Committee shall consider all 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 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 its approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.