

SMART FINSEC LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. Preamble

The Board of Directors (the “Board”) of Smart Finsec Limited (the “Company”) has adopted the following policy and procedures with regard to Related Party Transactions. This Policy on the Related Party Transactions (the “Policy”) of the Company set forth the procedures to be followed for approval/ratification of Related Party Transactions in compliance with applicable laws and regulations.

2. Purpose

This policy is framed as per requirement of Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges. The Company intends that all Related Party Transactions are undertaken on Arms Length Basis & intends the proper approval and reporting of the Related Party Transactions.

3. Definitions: The terms included in this Policy shall have the same meaning as defined under the Companies Act, 2013 read with Listing Agreement and/or other related laws, as amended and applicable from time to time.

- a) “**Audit Committee**” or “**Committee**” means Audit Committee of Board of Directors of the Company constituted under the provisions of Listing Agreement and Companies Act, 2013.
- b) “**Arm’s Length Basis**” means basis and principles followed for conduct of transactions between two un-related parties, with no conflict of interest.
- 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.—For the purposes of this clause, “significant influence” means control of at least twenty per cent of total share capital, or control of business decisions under an agreement;

d) “**Board**” means Board of Directors of the Company e) “**Company**” means Smart Finsec Limited.

f) “**Key Managerial Personnel**” means any key managerial personnel as defined under the Companies Act, 2013.

g) **“Ordinary Course of business”** means all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing of guarantees or collaterals, in the ordinary course of its trade or business.

h) **“Related Party”**

A ‘related party’ is an entity which 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.

i) **“Related Party Transactions” (RPTs) 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;
- (h) Transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged. Such transaction shall be construed to include single transaction or a group of transactions in contract.

4. Determination of Material Related Party Transactions

A transaction shall be considered “Material” if it satisfies any of the conditions as specified in Companies Act, 2013 and/or Listing Agreement, as amended from time to time.

5. Approval of Related Party Transactions

(i) All Related Party Transactions (one time or ongoing) shall be put up before the Audit Committee for its consideration and approval.

(ii) The Audit Committee shall determine whether the Transactions are on Arms' Length Basis and in Ordinary Course of Business, while providing its approval.

(iii) If the Audit Committee determines that the Transactions are not on Arms' Length Basis or not in Ordinary Course of Business, or are "Material", or in any case requires the Board's approval, then it shall recommend such transactions to the Board for its approval.

(iv) Further, if the Board determines that such transactions are "Material", as per the criteria mentioned above, then it shall recommend such transactions to the Shareholders of the Company for their approval.

(v) The Audit Committee may also provide an Omnibus approval to such transactions, which are repetitive in nature, on such terms and conditions as it may deem fit.

(vi) The details of transactions for which the Audit Committee give the Omnibus approvals, shall be quarterly placed before the Committee, for its review.

6. Amendments

Notwithstanding the above, the applicable provisions and amendments, if any, under the Companies Act, 2013 and/ or Listing Agreement in respect of Related Party Transactions shall be implemented by the Company. The Audit Committee may recommend amendments to this Policy from time to time as it deems appropriate.

7. Disclosure

The Related Party Transactions shall be disclosed in the Company's applicable filings as required by the Companies Act, 2013 and Listing Agreement and the said Policy shall be disclosed on Company's Website and in the Annual Report as prescribed.