

DEVKI LEASING AND FINANCE LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

I. INTRODUCTION:

The Board of Directors (the “Board”) of **Devki Leasing and Finance Limited** (the “Company”) has adopted this Related Party Transaction Policy (“Policy”) upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions (“RPT”) in compliance with the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015 {hereinafter referred as “SEBI (LODR) Regulation 2015”}. Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions. The Company has formulated this policy on materiality of Related Party Transactions and on dealing with Related Party Transactions.

This Policy has been amended by the Board of Directors at its meeting held on 30th March, 2019 and the revised policy shall be effective from 1st April, 2019.

II. OBJECTIVES

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. The provisions of this 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.

III. DEFINITIONS

“Act” means the Companies Act, 2013 and Rules made thereunder and any amendment thereof.

“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.

“Audit Committee or Committee” means the Committee of the Board constituted or reconstituted from time to time pursuant to the provisions of Section 177 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder and Regulation 18 and other applicable provisions of the SEBI (LODR) Regulation, 2015.

“Board” means Board of Directors of the Company.

“Independent Director” means a Director referred to in Section 149(6) of the Companies Act, 2013, rules made thereunder and as defined under Regulation 16 of the LODR.

“Key Managerial Personnel” means Key Managerial Personnel as defined under the Companies Act, 2013.

“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 percent of total voting power, or control of or participation in business decisions under an agreement

“Material Related Party Transaction” means a Related Party Transaction which individually or taken together with previous transactions during the 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 limits as may be prescribed either in the Companies Act, 2013 or the SEBI (LODR) Regulation, 2015 from time to time.

Notwithstanding the above, 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 two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Related Party”, means related party as defined in the Act and/ or SEBI (LODR) Regulation, 2015.

“Related Party Transaction” (RPT) means transaction with related party as defined in the Act and/ or SEBI (LODR) Regulation, 2015.

“Relative” means relative as defined under the Companies Act, 2013 and rules made there under.

All other terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the SEBI (LODR) Regulation, 2015, as amended from time to time.

IV. MANNER OF DEALING WITH RPTs

i. Identification of Related Parties

The Company shall, time to time, identify the Related Parties as required under the Act and SEBI (LODR) Regulation, 2015 and update the list of related parties accordingly.

ii. Identification of RPTs

The Company shall identify whether a transaction with any party comes under RPTs or not and for this purpose the Company will seek expert professional opinion, if necessary.

V. RESPONSIBILITY OF DIRECTORS & KMP

Every Director and KMP will be responsible for providing a declaration to the Managing Director of the Company containing information of its Relatives and other details as may be necessary for the Company for identification of its related parties on annual basis and whenever there is a change in the information provided.

Every Director and KMP authorised to enter into contracts/ arrangements will be responsible for providing prior Notice to the Managing Director of the Company of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Board / Committee may request, for being placed before the Committee and the Board.

VI. MATERIALITY THRESHOLDS

Regulation 23 of the SEBI Listing Regulations requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required. The Company has fixed the following materiality threshold for the purpose of Regulation 23(1), 23(1A) and 23(4) of the SEBI (LODR) Regulation 2015:

- Payment to a Related Party with respect to brand usage or royalty - 2% of the annual consolidated turnover of the Company as per last its audited financial statements.
- Other transactions with a Related Party - 10% of the annual consolidated turnover of the Company as per its last audited financial statements.

VII. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION

All Related Party Transactions shall be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

1. Approval of Related Party Transaction by Audit Committee

All the transactions which are identified as Related Party Transactions shall require prior approval of the Audit Committee.

The Audit Committee may grant omnibus approval for certain Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- a. such approval shall be applicable in respect of transactions which are repetitive in nature;
- b. the transactions are on arm's length basis,
- c. it shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- d. Such omnibus approval shall specify:
 - i. the name/s of the related party, nature of the 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 aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. Five Crore per transaction.

- e. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
- f. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year,

The Audit Committee may, time to time, ratify the transaction with Related Party.

2. Approval of Related Party Transaction by Board of Directors

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case choose to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Related Party transaction should be approved by the Board.

All cases where the Related Party Transactions are not in the ordinary course of business and/or are not on arm's length basis but within the prescribed limits as per the Companies (Meetings of Board & its Powers) Rules, 2014, shall be brought before the Board of Directors for approval through Audit Committee.

Such approval of Board may be obtained at a duly convened meeting.

3. Approval of Related Party Transaction by Shareholders

All Material Related Party Transaction shall be placed before the Shareholders for their approval and any member who is related party shall not vote to approve such resolutions whether the entity is a related party to the particular transaction or not [Related Party(s) can cast only negative vote to reject the shareholders resolution on material RPT].

Provided that the requirements specified above shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

VIII. DISCLOSURES

All disclosures pertaining to Related Party Transactions required under the Companies Act and SEBI (LODR) Regulation, 2015 shall be made accordingly.

IX. LIMITATION

In the event of any conflict between the provisions of this Policy and of the SEBI (LODR) Regulation, 2015 / Companies Act, 2013 or any other statutory enactments, rules, then, the provisions of the SEBI (LODR) Regulation, 2015 / Companies Act, 2013 or other statutory enactments, rules, as the case may be shall prevail over this Policy and shall be adhered to accordingly by all concerned.

X. AMENDMENT

The Audit Committee may, for the purpose of aligning this Policy with the regulatory changes, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy.

The Board may also make any amendments to the Policy from time to time, based on the recommendations of the Audit Committee.

Further, the Board will review this Policy from time to time as prescribed under the Act or SEBI (LODR) Regulations 2015.

NOTE:

The provisions of the Companies Act, 2013 and rules thereto and the SEBI (LODR) Regulations, 2015 (including any amendment thereto from time to time) to the extent applicable, shall be apply in addition to this policy.