

RELATED PARTY TRANSACTION POLICY

(Approved on 14th March, 2017)

1. PREAMBLE

The Board of Directors (the “Board”) of PHL Fininvest Private Limited) (the “Company”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit & Risk Management Committee will review and may amend this policy from time to time. This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

2. PURPOSE

The Company through this Policy endeavours to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company and also lay down mechanism for identification, approval, review and reporting of such transactions.

3. DEFINITIONS

“Audit & Risk Management Committee or Committee” means a committee of the Board of Directors of the Company constituted under provisions of the Companies Act, 2013.

“Board” means the Board of Directors of the Company

“Control” means control as defined under Section 2(27) of the Companies Act, 2013 and includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

“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, a whole-time director;
- ii. Company Secretary; and
- iii. Chief Financial Officer

“Policy” means Related Party Transaction Policy.

“Related Party” with reference to the Company shall mean related party as defined under Section 2(76) of the Companies Act, 2013

“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.

4. POLICY

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

4.1 Identification of Potential Related Party Transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or 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/Committee may reasonably request. The Board/ Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

4.2 Prohibitions related to Related Party Transactions

All Related Party Transactions defined/ stipulated under the Companies Act, 2013 shall require prior approval of the Audit & Risk Management Committee. For any ratification or exception, procedures mentioned under Para 5 of this Policy shall be followed. However, the Audit & Risk Management Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- a) The Audit & Risk Management 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 Audit & Risk Management 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, (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 & Risk Management Committee may deem fit;

4.3 Review and Approval of Related Party Transactions

Proposed Related Party Transactions will be referred to the next regularly scheduled meeting of the Audit & Risk Management Committee for review /noting and/ or approval as per the paragraph 4.2 above. Any member of the Committee who has a potential interest in any Related Party Transaction will excuse himself or herself and abstain from discussion and/ or voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the 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, the Committee may consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- i. 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;
- ii. Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;

- iii. Whether the Related Party Transaction would affect the independence of an independent director;
- iv. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- v. Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- vi. Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

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 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.

Transactions with the Related Parties which are (a) not in ordinary course of business or arm's length; and (b) exceeds thresholds laid down in Section 188 of the Companies Act, 2013, read with rules made thereunder, shall also require shareholders' approval through ordinary resolution and the Related Parties shall abstain from voting on such resolutions. Provided that the transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders general meeting for approval, shall not require shareholders' approval.

5. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Related Party 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 & Risk Management Committee. The Audit & Risk Management 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 & Risk Management Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Audit & Risk Management Committee determines not to ratify a Related Party Transaction that has been commenced without 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 Committee has authority to modify or waive any procedural requirements of this Policy.

This Policy will be communicated to all concerned persons of the Company.
