

GOVE FINANCE LIMITED

RELATED PARTY TRANSACTION POLICY (Adopted on 05.04.2019)

Preamble:

The Board of Directors (the "Board") of GOVE Finance Limited (the "Company"), has adopted the following policy and procedures ("Policy") with regard to Related Party Transactions (RPTs) as defined below. This policy may be amended by the Company from time to time and is subject to all laws and regulations applicable to the Company from time to time. This Policy is also in conformance with the Company's Code of Conduct for Business and ethics which provides that all directors and senior management personnel are required to disclose all potential or actual conflict of interest, which may be against the interest of the Company and take actions to eliminate such conflict, if so required.

1. Objective

1.1 This Policy is formulated, in accordance with the requirement of Companies Act, 2013 and Revised Regulatory Framework for Non-Banking Financial Companies by Reserve Bank of India (Regulatory Framework) (including any statutory enactments/amendments thereof) and is intended to ensure proper approval and reporting of RPTs between the Company and its Related Parties. In addition the Company is also required to define the materiality of RPTs. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

1.2 The Company is required to disclose the Policy on dealing with RPTs each year in its Financial Statements as well as in its website.

2. Definitions

"Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under provisions of the Companies Act, 2013 "Board" means the board of directors of the Company "Key Managerial Personnel" or "KMP" shall have the meaning referred to in the Companies Act, 2013 "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 turnover / revenue of the Company or Net-worth of the Company as per the last audited financial statements of the Company as prescribed under the Companies Act, 2013 in force from time to time.



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“Ordinary Course of Business” means transactions that are necessary, normal and incidental to the business, the objects of the Company permit such activity, there is a historical practice and pattern of frequency (not an isolated transaction), has connection with the normal business carried on by the Company.

“Related Party” means, an entity is :

- (i) a related party under Section 2(76) of the Companies Act, 2013; or
 - (ii) a related party under the applicable accounting standards.
- “Related Party Transaction” means any transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged.

“Relative” means relative as defined under the Companies Act, 2013 Words and expressions used in this Policy shall have the same meanings respectively assigned to them in the following acts / regulations / rules.

1. The Companies Act, 2013 or the rules framed thereon;
2. RBI Act, 1934 and regulations and rules made thereon.

3. General Guideline

All Related Party Transactions must be reported to the Audit Committee and referred by the Audit Committee to the Board for approval in accordance with this Policy. All Material Related Party Transactions which are neither at arm’s length nor in the ordinary course of business, shall require approval of the shareholders vide an ordinary resolution and those Related Parties to the contract / transaction of the Company shall abstain from voting on such resolutions only if they are interested in that particular Material Related Party Transaction.

4. Identification of RPTs

4.1 Each Director and “KMP” and other Related Party shall promptly notify the Audit Committee of any material interest that such person or relative of such person had, has or may have in a RPT, by providing notice to the Board or Audit Committee of any potential RPT involving him or her or his or her Relative together with additional information about the RPT that the Board or Audit Committee reasonably request.



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4.2 The Company prefers that notice of any RPT is given well in advance, so that the Audit Committee / the Board has adequate time to obtain and review information about the proposed RPT.

4.3 The Board / Audit Committee shall determine whether a transaction does, in fact, constitute a RPT requiring compliance with this Policy.

5. Review and approval of RPTs

5.1 All RPTs shall require approval of Audit Committee;

5.2 RPTs shall be referred to the next regularly scheduled meeting(s) of Audit Committee for its review and approval;

5.3 The Audit Committee, in order to review a RPT, shall be provided with all relevant material information of the RPT, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters;

5.4 Any member of the Audit Committee who has an interest in any RPT shall recuse himself or herself and abstain from discussion and voting on the approval of such RPTs;

6. Criteria for approving RPTs

In determining whether to approve a RPT, the Audit Committee shall consider the following factors, among others, to the extent relevant to the RPT:

6.1 Whether the terms of the RPT are fair and on 'arms length basis' to the Company and would apply on the same basis if the transaction did not involve a Related Party;

6.2 Whether there are any compelling business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any;

6.3 Whether the RPT would affect the independence of an independent director;

6.4 Whether the proposed RPT includes any potential reputational risk issues that may arise as a result of or in connection with the proposed RPT;

6.5 Whether subsequent ratification of the proposed RPT is allowed and would be detrimental to the Company; and



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6.6 Whether the RPT would present an improper conflict of interest for any director or KMP of the Company, taking into account the size of the transaction, the overall financial position of the director, KMP or other Related Party, the direct or indirect nature of the director's, KMP's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee deems relevant;

6.7 If the Audit Committee determines that a RPT 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 RPT, 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.

7. RPTs that do not require prior Audit Committee review

7.1 The Audit Committee shall also be entitled to grant omnibus approval ("**Omnibus Approval**") for a class of transactions which are repetitive in nature as per the procedure specified for approving RPTs in this Policy.

7.2 In addition to the criteria specified in paragraph 7.1 above, the Audit Committee shall be required to specify in the Omnibus Approval:

(i) Name(s) of the Related Party, nature, period of transaction and maximum amount of the proposed RPT

(ii) the indicative base price/current contracted price and the formula for variation in the price if any

(iii) and such other conditions as the Audit Committee may deem fit;

(iv) In the event the need for a class of RPTs cannot be foreseen or the details specified in (i) to (iii) above are not available, the Audit Committee may grant Omnibus approval for such RPTs provided each transaction does not exceed 1,00,00,000/- (Rupees one crore).

7.3 Audit Committee shall review, the details of actual RPTs entered into by the Company pursuant to each of the Omnibus Approvals on a quarterly basis.

7.4 The Omnibus Approvals shall be valid for a period not exceeding one year and shall require fresh approvals from the Audit Committee after the expiry of 1 (one) year from the grant of each approval.



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7.5 Any transaction that involves the providing of compensation to a director or KMP 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.

7.6 Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

8. RPTs not approved under this Policy

8.1 In the event the Company becomes aware of a RPT with a Related Party that has not been approved under this Policy by the Audit Committee, prior to its consummation, it shall report such transaction to the Audit Committee which shall follow the procedure laid down in this Policy.

8.2 In any case, save as otherwise provided in the Policy, where the Audit Committee determines not to ratify a RPT that has been commenced without its prior approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission or revision of the transaction.

9. Amendments

This Policy may be amended by the board at any time and is subject to the (i) amendments to the Companies Act, 2013 (the Act 2013) and (ii) further guidelines from the RBI.

For Gove Finance Limited



V.K.Surendra
Director

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