

## POLICY ON DETERMINATION OF RELATED PARTIES AND DEALING WITH RELATED PARTY TRANSACTIONS ("RPT POLICY")

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**Prepared By** : **Secretarial Department**

**Reviewed By** : **Policy Review Committee**

**Approved By** : **Board of Directors**

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**I. INTRODUCTION:**

Manappuram Finance Ltd (“the Company” or “MAFIL”) affirms good standard of governance practices and conducts its business in a fair and transparent manner duly complying with the applicable laws as in force. The Company is putting its best efforts consistently to enhance stakeholder’s long term value without compromising the corporate philosophy, ethics and standard of governance practices.

The Board of Directors (the “Board”) of the Company has adopted this Policy on determination of Related Parties and Dealing with Related Party Transactions (“RPT”) upon the recommendation of the Audit Committee and this Policy includes the materiality threshold in compliance with the provisions of Regulation 23(1) of SEBI and (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI (LODR) Regulations, 2015), Industry Standard on “Minimum information to be provided by the Audit Committee and Shareholders for approval of Related Party Transactions” and such other provisions as amended from time to time. Through this policy, the Company endeavours to bring in more transparency in management in respect of transactions with related parties. Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

Manappuram Finance Limited considering the nature of related party transactions has annexed an addendum which shall form as Annexure 1 to this policy. Further, the policy has been enhanced to cover related parties and related party transactions as per the wider definitions specified under Ind AS.

**II. APPLICABILITY:**

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.

**III. OBJECTIVE:**

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 and also RPTs undertaken by its subsidiaries in compliance with the applicable laws and regulations as may be amended from time to time. It is essential to keep a stringent check on RPTs which may present a potential or actual conflict of interest and may act against the best interest of the Company and its shareholders.

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.

#### IV. DEFINITIONS:

**“Audit Committee” or “the Committee”** means the committee of Board of Directors of the Company constituted under the provisions of Regulation 18 of the SEBI (LODR) Regulations, 2015 read with Section 177 of the Companies Act, 2013;

**“Board”** means Board of Directors of the Company; **“Deemed**

**Related party”** Provided that:

(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or (b) any person or any entity, holding equity shares:

- i. of twenty per cent or more; or
- ii. of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;

**“Arm’s Length Transaction”** means a transaction between two related parties conducted as if they were unrelated, so that there is no conflict of interest

**“Ordinary Course of Business”** means transactions that are usual, regular and incidental to the business of the Company.

**“Key Managerial Personnel” “KMP”** means key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013 For the purpose of this policy definition of KMP as per Ind AS 24 will also be applicable<sup>1</sup>.

**“Material Related Party Transactions”** 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 the following

| Consolidated Turnover of Listed Entity<br>Threshold | Threshold                                                                                                                             |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| (I) Up to ₹20,000 Crore                             | 10% of the annual consolidated turnover of the listed entity                                                                          |
| (II) More than ₹20,000 Crore to upto ₹40,000 Crore  | ₹2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore                                        |
| (III) More than ₹40,000 Crore                       | ₹3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 Crore or ₹5000 Crores, whichever is lower. |

**Explanation:** For the purpose of computing the thresholds stated above, the annual consolidated turnover of the listed entity shall be determined based on the last audited financial statements of the listed entity.

<sup>1</sup> [Definition of Key Managerial Personnel as per Ind AS 24]

**Key management personnel** are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.]

<sup>2</sup> [(Definition of Turnover as per Section 2(91) of the Companies Act 2013)

“Turnover” means the aggregate value of the realisation of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the Company during a financial year.]

“Revenue from Operations” is considered as Turnover of the Company.

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 five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity

Related Party shall have the meaning as defined under Regulation 2(1)(zb) of SEBI (LODR), Section 2(76) of the Companies Act, 2013 and Ind AS 24.

<sup>3</sup> [Definition of related party as per Ind AS 24]

**Related party:** is a person or entity that is related to the entity that is preparing its financial statements.

(a) A person or a close member of that person's family is related to a reporting entity if that person: (i) has control or joint control of the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

*(b) An entity is related to a reporting entity if any of the following conditions applies:*

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);*
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);*
- (iii) Both entities are joint ventures of the same third party;*
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;*
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;*
- (vi) The entity is controlled or jointly controlled by a person identified in (a);*
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).*
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.*

*For the purpose of this definition an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture]*

**“Relative”** means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under.

All other words and expressions used but not defined in this policy, but defined in the addendum to the policy, Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, and SEBI (LODR) Regulations, 2015 and Ind AS 24 shall have the same meaning as respectively assigned to them in such addendum, acts or rules or regulations or any statutory modification or re-enactment thereto, as the case maybe.

**V. POLICY:**

All Related Party Transactions and subsequent material modifications shall require the prior approval of the Audit Committee, and only those members of the Audit Committee, who are independent directors shall approve such transactions. Approval shall be obtained at a duly convened meeting, except where permitted under applicable law.

All proposed Related Party Transactions and subsequent material modification of such Related Party Transaction must be presented before the Audit Committee for prior approval by the Independent Directors of the Committee.

The members of the Audit Committee, who are independent directors, may ratify related party transactions within three months from the transaction date or at the next immediate meeting of the committee, whichever is earlier, subject to certain conditions. These conditions include the aggregate value of ratified transactions with a related party, whether entered into individually or taken together, during a financial year shall not exceed Rs. 1 crore in a financial year, the transaction not being material under Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and presentation of rationale for inability to seek prior approval at the time of seeking ratification. Additionally, the details of ratification shall be disclosed along with related party transactions under Regulation 23(9), and the Audit Committee may specify any additional conditions. Failure to seek Audit Committee ratification renders the transaction voidable at the Committee's option, and if the transaction with a related part to any director, or is authorised by any other director, then, the directors concerned shall indemnify the listed entity against losses incurred. Further, the remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant omnibus approval and Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity.

The term omnibus approval has been defined in the addendum to the policy and the criteria followed in granting omnibus approval is enumerated in point 09 of the addendum.

The Company may obtain external benchmarking / valuation / certification wherever deemed necessary by the Audit Committee.

Once in 3 years benchmarking with market rate is required notwithstanding the tenure of the lease in case of lease transactions between the Company and any of its related party.

**VI. TRANSACTIONS THAT ARE CONSIDERED AS RELATED PARTY TRANSACTIONS:**

Following types of the transactions considered as related party as per section 188(1) of Companies Act 2013, in case the transactions are either not at arm's length or not in the ordinary course of business:

- (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 or a Key Managerial Personnel in the company, its subsidiary company or associate company; and
- (g) Underwriting the subscription of any securities or derivatives thereof, of the company.

Types of the transactions considered as related party transaction as per Reg. 2(1)(zc) of SEBI (LODR) Regulations, 2015

- a) A transaction involving a transfer of resources, services or obligations between
  - (i) A listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand
  - (ii) A listed entity or any of its subsidiaries on one hand and any other person or entity on the other hand the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries with effect from April 01, 2023

Regardless of whether a price is charged and a transaction with a related party shall be construed to include a single transaction or group of transactions in a contract.

As per and Ind AS-24, of the Companies (Indian Accounting Standards) Rules, 2015 following are examples of transactions that are to be disclosed if they are with a related party:

- (a) Purchases or sales of goods (finished or unfinished);
- (b) Purchases or sales of property and other assets;
- (c) Rendering or receiving of services;
- (d) Leases;

- (e) Transfer of research and development;
- (f) Transfer under license agreements;
- (g) Transfer under finance arrangements (including loans and equity contribution in cash or in kind);
- (h) Provision of Guarantees and Collaterals;
- (i) Commitments to do something if a particular event occurs or not occur in the future, including executory contracts (recognized and unrecognized)
- (j) Settlement of liabilities on behalf of the entity or by the entity on behalf of that related party; (k) Management contracts including for deputation of employees.

Parties are considered to be related under Ind AS-24, if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

1. A person or a close member of that person's family is related to a company if that person:
  - a. has control or joint control or significant influence over the Company; or
  - b. is a key management personnel of the Company or of a parent of the Company; or
2. An entity is related to a company if any of the following conditions applies:
  - a. The entity and the reporting entity are members of the same group (entity is a related party under Section 2(76) of the Companies Act, 2013); or
  - b. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
  - c. Both entities are joint ventures of the same third party; or
  - d. One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - e. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
  - f. The entity is controlled or jointly controlled by a person identified in (1); or

- g. A person identified in (1)(a) has significant influence over the entity or is a member of the Key Management Personnel of the entity (or a parent of the entity);
- h. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

## **VII. TRANSACTIONS THAT ARE NOT CONSIDERED AS RELATED PARTY TRANSACTIONS:**

The following transactions are not considered as Related Party Transactions:

- a. The issue of specified securities on a preferential basis, subject to compliance of the requirements under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018;
- b. The Corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding;
  - i. Payment of dividend;
  - ii. Subdivision or consolidation of securities;
  - iii. Issuance of securities by way of a rights issue or a bonus issue; and
  - iv. Buy-back of securities
- c. retail purchases from any listed entity or its subsidiary by the directors or key managerial personnel of the listed entity or its subsidiary, and relatives of such directors or key managerial personnel, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel.

## **VIII. IDENTIFICATION OF RELATED PARTIES AND INTERESTED DIRECTOR WITH RESPECT TO TRANSACTIONS:**

Every Director will be responsible for providing a declaration in the format as per Form RPT containing the following information to the Company Secretary on an annual basis:

- 1. Names of his / her Relatives;
- 2. Partnership firms in which he / she or his / her Relative is a partner;
- 3. Private Companies in which he / she or his / her Relative is a member or Director;
- 4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital as at the end of immediate preceding financial year;

5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions (other than advice, directions or instructions obtained from a person in professional capacity);
6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity); and
7. Body Corporate or any Association of Individuals in which he / she or his / her Relative is a Director or owner or Partner or Promoter or Manager or Chief Executive Officer of Body Corporate or Member of the Association of Individuals.

Every Key Managerial Personnel other than a director will also be required to provide the Names of his / her Relatives in the format as per Schedule to Form RPT on an annual basis.

Every Director and the Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and / or controls immediately upon him / her becoming aware of such changes.

**IX. TRANSACTIONS AND FACTORS FOR CONSIDERATION BY THE COMMITTEE IN APPROVING AND RECOMMENDING THE PROPOSED RELATED PARTY TRANSACTIONS FOR APPROVAL BY THE BOARD:**

Transactions that require prior approval of Audit Committee

- a) All Related Party Transactions and subsequent material modifications to such Related Party Transactions;
- b) A Related Party Transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction, exceeds ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary or the threshold mentioned as above "Material Related Party Transactions", whichever is lower.
- c) In the event of a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the listed entity shall be obtained if the value of such transaction exceeds ten percent of the annual standalone turnover of the subsidiary as per the last

audited financial statements of the subsidiary or the threshold mentioned as above “Material Related Party Transactions”, whichever is lower.

- d) Prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

### **Material Modification**

Any material modification to the terms approved by the Audit Committee for the Related Party Transactions will require its prior approval. The following terms shall be considered as material terms in respect of every Related Party Transaction, except financial transactions:

- a. Substitution of the name of the Related Party arising due to succession, corporate re-structuring, acquisition etc.
- b. Nature of goods or services
- c. Total value of the Related Party Transaction
- d. Period approved for Related Party Transaction
- e. Miscellaneous terms such as advance payable, warranty terms, credit period, interest payable on default in payment.

In respect of financial transactions like providing of loan, inter-corporate deposit:

- a. Substitution of the name of the Related Party arising due to succession, corporate restructuring, acquisition etc.
- b. Quantum of loan or inter-corporate deposit.
- c. Interest related terms including interest holiday, if any, security terms, if any d. Period
- e. Repayment terms

### **Information to be placed before Audit Committee:**

The following information shall be placed before the Audit Committee of the Board of Directors to enable the independent directors who are members of the Audit Committee to consider and decide on the approval in respect of Related Party Transactions:

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a Related Party Transaction involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
  - i) Details of the source of funds in connection with the proposed transaction;
  - ii) Where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
    - nature of indebtedness;
    - cost of funds; and
    - tenure;
  - iii) Applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the related party transactions.
- g. Justification as to why the Related Party Transaction is in the interest of the Company;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed related party transaction, on a voluntary basis;
- j. Methodology used for determination of arms-length
- k. Any other information that may be relevant

The Audit Committee of the Board shall also review the status of long-term (more than one year) or recurring related party transactions on an annual basis.

## Factors to be considered by the Audit Committee

While considering any related party transaction, the Committee shall also take into account all relevant facts and circumstances 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 as specified in the relevant applicable circulars issued by SEBI from time to time

Prior to the approval, the Committee may, inter-alia, consider the following factors to the extent relevant to the transaction:

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b. Certificate from the Chief Executive Officer (CEO)/Managing Director/Whole Time/Director/Manager and Chief Financial Officer (CFO) of the Listed Entity confirming that the terms of RPTs proposed to be entered into are in the interest of the Listed Entity.
- c. Whether the transaction could be material or significant by value;
- d. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative options available, if any;
- e. Whether the Related Party Transaction includes any potential reputational risks or misuse of corporate assets that may arise as a result of or in connection with the proposed Transaction; and e. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial interest or benefit to the Director, Key Managerial Personnel or other Related Party concerned, the direct or indirect nature of the Director's interest, 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 Committee deems relevant.
- f. While considering the arm's length nature of the transaction, the Committee may take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee may also take into consideration subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

- g. The transactions specified from point 1 to 8 of addendum shall be considered for approval after consideration of the information placed before the Committee and also the factors mentioned above is applied to each particular transaction mentioned in the addendum annexed to the policy

Notwithstanding what is stated above, it is the stated policy of the Company to make a determined effort to reduce unavoidable RPT's other than those necessitated by the Company's location in a semirural area.

### **Omnibus Approval**

For granting omnibus approval, the committee shall specify the following details:

- a. Name of the related party;
- b. Nature of the transaction;
- c. Period of the transaction;
- d. Maximum amount of the transactions that can be entered into;
- e. Indicative base price / current contracted price and formula for variation in price, if any;
- f. Justification for the omnibus approval.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction for the specific period approved.

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 rupees one crore per transaction

The Audit Committee shall, review quarterly and take note of all Related Party Transactions for which omnibus approval has been granted by the Audit Committee.

Omnibus approval shall not be granted for transactions that are material in terms of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The omnibus approval shall be valid for a period of one financial year however subject to quarterly review and fresh approval shall be obtained after the expiry of one year.

### **X. APPROVAL BY THE BOARD:**

If the Committee determines that a Related Party Transaction should be brought before the Board or a Related Party Transaction is not in the Ordinary Course of Business or not at Arms' Length or is a material related party transaction 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 Board shall consider and approve the Related Party Transaction at a meeting.

The Board shall take note of all transactions approved by the Audit committee except for transactions referred to in point 4 & 6 of the addendum were the same shall be approved by the Board.

Transactions involving material cost savings shall be decided by the board as referred to in point 2 of the footnote of addendum.

#### **XI. APPROVAL BY SHAREHOLDERS**

The Board of Directors of the Company shall mandatorily place before the members of the Company, all Material RPTs and subsequent material modifications to existing RPT for their approval prior to undertaking such transactions.

Except with the prior approval of the Shareholders by a resolution, a company shall not enter into any RPTs as mandated under Section 188 of Companies Act, 2013 read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, material related party transactions and/or subsequent material modifications to related party transactions as stipulated in Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015

In all cases, where shareholders' approval is necessary for any RPT, the Company Secretary shall ensure that the agenda of the Board meeting at which the resolution is proposed to be moved shall disclose:

- a. All the information provided by the management of the Company to the Audit Committee;
- b. Information mandated by Rule 15 of The Companies (Meetings of Board and its Powers) Rules, 2014.
- c. Any other information that may be relevant.

The Company Secretary shall ensure that the explanatory statement to be annexed to the notice of a general meeting convened for obtaining approval of members in relation to the proposed RPTs shall contain the following particulars:

- a. Summary of the information provided by the management of the Company to the Audit Committee;
- b. Justification for why the proposed transaction is in the interest of the Company;
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details placed before the Audit Committee except the information on source of funds and cost of funds.
- d. A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f. Disclose the fact that the Audit Committee has reviewed the certificates provided by the CEO/Managing Director/ Whole Time Director/ Manager and CFO of the Listed Entity as required under the RPT Industry Standards.
- g. Disclosure that the material RPT or any material modification thereto, has been approved by the Audit Committee and the Board of Directors recommends the proposed transaction to the shareholders for approval.
- h. Provide web-link and QR Code, through which shareholders can access the valuation report or other reports of external party, if any, considered by Audit Committee while approving the RPT.
- i. Any other information that may be relevant.

Disclosures as required by the Industry Standards on "Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)" shall be ensured by the Company.

The Board shall be ultimately responsible for seeking approvals from shareholders as per the requirements of Applicable Laws which may vary from time to time.

## **XII. DISCLOSURE, RECORDING AND REPORTING OF RELATED PARTY TRANSACTIONS:**

- a. Company shall disclose each year in the Audited Financial Statements transactions with Related Parties as prescribed in the applicable Accounting Standard as well as accounting policies governing transactions with Related Parties.
- b. Disclosure in the Board's Report to the shareholders shall be made as prescribed under Companies Act, 2013.
- c. Company shall submit along with publication of half yearly financial results, Standalone or Consolidated as may be applicable, disclosures of all RPTs, in the format specified by SEBI to the stock exchanges and publish the same on its website.
- d. The Company Secretary shall make necessary entries in the Register of Contracts and Arrangements required to be maintained as per the Section 189 of Companies Act, 2013 read with Rule 16 of Companies (Meetings of Board and its Powers) Rules, 2014,

### **XIII. POLICY ON LOAN TO DIRECTORS AS PER RBI DIRECTIVES**

Pursuant to the Reserve Bank of India (Non-Banking Financial Companies – Credit Risk Management) Directions, 2025, on Loans to Directors, issued by the Reserve Bank of India, the Company shall adhere to the following requirements:

**1. Loans and advances to Directors** - Company shall not grant Rs 5 cr & above loans and advances unless sanctioned by the Board of Directors / Committee of Directors, to -

- i) its directors (including the Chairman/ Managing Director) or relatives of directors.
- ii) any firm in which any of its directors or their relatives is interested as a partner, manager, employee or guarantor.
- iii) any company in which any of its directors, or their relatives is interested as a major shareholder, director, manager, employee or guarantor.

A director or his relatives shall be deemed to be interested in the company, being the subsidiary or holding company, if he is a major shareholder or is in control of the respective holding or subsidiary company.

The director who is directly or indirectly concerned or interested in any proposal should disclose the nature of his interest to the Board when any such proposal is discussed. He should recuse himself from the meeting unless his presence is required by the other directors for the purpose of eliciting information and the director so required to be present shall not vote on any such proposal.

The proposals for credit facilities of an amount aggregating less than Rs 5 cr may be sanctioned by the appropriate authority in the NBFC under powers vested in such authority but should be reported to the Board.

**2. Loans and advances to Senior Officers –**

Company shall abide by the following when granting loans and advances to its senior officers:

- i) Loans and advances sanctioned to senior officers shall be reported to the Board.

- ii) No senior officer or any Committee comprising, *inter alia*, a senior officer as member, shall, while exercising powers of sanction of any credit facility, sanction any credit facility to a relative of that senior officer. Such a facility shall be sanctioned by the next higher sanctioning authority under the delegation of powers.

In respect of grant of loans and advances to directors / senior officers and their relatives:-

- i) Company shall obtain a declaration from the borrower giving details of the relationship of the borrower to their directors/ senior officers for loans and advances aggregating Rs 5 cr & above. NBFCs shall recall the loan if it comes to their knowledge that the borrower has given a false declaration.
- ii) These guidelines shall be duly brought to the notice of all directors and placed before the NBFC's Board of Directors.
- iii) NBFCs shall disclose in their Annual Financial Statement, aggregate amount of such sanctioned loans and advances.

The above norms relating to grant of loans and advances will equally apply to awarding of contracts.

The term 'loans and advances' will not include loans or advances against:-

- a) Government securities
- b) Life insurance policies
- c) Fixed deposits
- d) Stocks and shares
- e) Housing loans, car advances, etc. granted to an employee of the NBFC under any scheme applicable generally to employees.

Provided that NBFC's interest/lien is appropriately marked with legal enforceability.

#### **XIV. DISSEMINATION OF POLICY:**

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational heads and other concerned persons of the Company and shall be hosted on the intra-net and website of the Company and web link thereto shall be provided in the annual report of the Company.

**XV. POLICY REVIEW:**

Board shall review the overall policy once in a year and modify or update the same in accordance with the changes to the threshold limits or as may be required by the amendments to Applicable Laws.

**XVI. OTHER RESTRICTIONS:**

- No group/Subsidiary Companies shall participate in the Gold Loan Auction of the Company.
- Related party dealing with the shares of the Company through stock exchanges shall abide with the statutory prohibitions/restrictions/cooling period in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

## ANNEXURE-01

### Addendum to the Related Party Transactions (RPTs)

#### Background

Board in its meeting held on 7 May 2021 reviewed the Related party transactions. Accordingly, as directed by the Board the Management has decided to revisit some of the aspects of the RPTs and provide a guidance for all transactions falling within the RPTs. Accordingly, the following guidance has been put in place.

This addendum forms an integral part of the existing RPT policy and to be read and understood in conjunction with the same.

#### Objective:

The objective of putting in place this addendum is to reduce the number of RPTs to the extent possible. However, given that MAFIL is headquartered in a village and that vendors and counter parties of quality and capability may not be readily available around the area, the Management recognises that it may be difficult to reduce the number of transactions significantly.

The related party transactions shall be governed by the following principles.

#### Definitions:

Ordinary Course of Business (OCB): Any transaction entered into ordinary course of business or transactions

Arm's Length Transaction (ALB): 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.

#### Omnibus Related Party Transactions:

##### Criteria for granting omnibus approvals:

- ❑ Repetitiveness of the transactions (in past and future) during the ordinary course of business.
- ❑ Transactions which are at arm's length Justification for the need of omnibus approval.
- ❑ In the best interest of the company.
- ❑ Validity for one year.

| Sl. No | Type of transactions                                                                                                                                                                                                                                                                                    | Conditions                                                                                                                                                                                                                                                                                               |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | All transactions (other than capital contribution and loans and advances) with wholly owned subsidiaries                                                                                                                                                                                                | Subject to satisfaction of Arm's length conditions in terms of engagement and commercials.                                                                                                                                                                                                               |
| 2      | Investments in subsidiaries.                                                                                                                                                                                                                                                                            | Generally investment in Tier I and Tier II capital of the subsidiaries shall be to the extent of maintaining optimum CRAR to be maintained by them as decided by the Boards of MAFIL and Subsidiaries. The valuation parameters or underlying yields of these instruments shall be on Arm's length basis |
| 3      | Loans and advances to subsidiaries and associate companies.                                                                                                                                                                                                                                             | Subject to satisfaction of Arm's length conditions. The general policy of the Company however is to try and make each operation self-standing and intercompany transactions will be resorted to in cases of extreme need                                                                                 |
| 4      | Transactions that are necessitated by virtue of lack of alternative vendors with appropriate technical credentials, especially as it relates to Valapad:                                                                                                                                                | Such RPTs to be evaluated on a case-by-case basis. Subject to the Board's determination through reasonable means that such RPTs are in the broader interest of the Company and are on arms-length basis, they would be permitted                                                                         |
| 5      | Transactions with Trade associations, Apex Association of Trade Associations, Self-Regulatory Organizations (SROs), Section 25 or Section 8 (not for profit) companies, well reputed charitable institutions where Directors, KMPs may have memberships or hold positions of responsibility: Permitted. | Subject to the condition that such transactions to be in the nature of subscriptions, other voluntary contributions for the benefit of the members of the organisation or the community (subject to the transactions falling under definition of related party as per IND AS 24).                        |

|   |                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                |
|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6 | Related party Transactions where there is substantial cost saving by contracting with related parties: Audit Committee/ Board will scrutinize such transactions closely, and may allow them subject to cost savings being material and arms-length test being met | Permitted subject to approval by the Board after close scrutiny of such transactions, and may allow them subject to cost savings being material and armslength test being met.                                                                                                                                 |
| 7 | Related party Transactions with social objectives such as community Health, Education etc                                                                                                                                                                         | Allowed subject to specific approval by the Audit committee subject to such transactions being non-commercial in nature or relating to CSR projects of the Company                                                                                                                                             |
| 8 | Other Related Party Transactions that do not fall within the above categories.                                                                                                                                                                                    | Generally disallowed, unless the Audit committee determines otherwise for reasons that are in the interest of MAFIL and its stakeholders.                                                                                                                                                                      |
| 9 | Omnibus RPT approval by Audit Committee                                                                                                                                                                                                                           | Audit Committee shall grant omnibus approval for transactions of repetitive nature and such approval shall be in the interest of the company.<br><br>Investments and loans and advances to related parties, awarding of contracts for specific projects etc. require specific approval by the Audit Committee. |

## Form RPT

To,

The Company Secretary & Compliance Officer  
 Manappuram Finance Limited,  
 Manappuram House,  
 Valapad PO, Thrissur-680 567.

Dear Sir,

A. , -----, daughter/son/c/o Mr.-----, resident of, holding Shares (equity) of Rs. 2/- each as on in the Company in my name, being a Director in the Company, hereby give notice that I am interested directly/through my Relatives (Schedule) in the following private company or companies or firms:

| Sr. No. | Name of the Private Companies / Firms | Nature of Interest or concern / Change in Interest or Concern | Shareholding | Date on which Interest or Concern arose/changed |
|---------|---------------------------------------|---------------------------------------------------------------|--------------|-------------------------------------------------|
|         |                                       |                                                               |              |                                                 |
|         |                                       |                                                               |              |                                                 |
|         |                                       |                                                               |              |                                                 |

B. The following Public Companies in which I am a Director and holds along with my Relatives(Schedule) more than 2% of paid up share capital as on the end of this financial year:

| Sr. No. | Name of the Public Companies holding more than 2% of paid up share capital | Shareholding | Date on which Interest or Concern arose/changed |
|---------|----------------------------------------------------------------------------|--------------|-------------------------------------------------|
|         |                                                                            |              |                                                 |
|         |                                                                            |              |                                                 |
|         |                                                                            |              |                                                 |

C. The Following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions:

| Sr. No. | Name of the Body Corporate |
|---------|----------------------------|
|         |                            |

D. I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity).

| Sr. No. | Name of the person | Relation |
|---------|--------------------|----------|
|         |                    |          |
|         |                    |          |

E. The following are Bodies Corporate or association of individuals in which I am or my Relatives(Schedule) interested as a Director of Body Corporate or Member of Association:

| Sr. No. | Name of the Bodies Corporate / Association of Individuals | Nature of Interest or concern / Change in Interest | Date on which Interest or Concern arose / changed |
|---------|-----------------------------------------------------------|----------------------------------------------------|---------------------------------------------------|
|         |                                                           |                                                    |                                                   |
|         |                                                           |                                                    |                                                   |
|         |                                                           |                                                    |                                                   |

Signature: \_\_\_\_\_

Name:

Designation:

DIN No:

Place:

Date:

## Schedule to Form RPT

### LIST OF RELATIVES

| Sr. No. | Relationship                    | Full Name | Address | Shareholding in the Company |
|---------|---------------------------------|-----------|---------|-----------------------------|
| 1       | Spouse                          |           |         |                             |
| 2       | Father (including Step-Father)  |           |         |                             |
| 3       | Mother (including StepMother)   |           |         |                             |
| 4       | Son (including Stepson)         |           |         |                             |
| 5       | Son's Wife                      |           |         |                             |
| 6       | Daughter                        |           |         |                             |
| 7       | Daughter's Husband              |           |         |                             |
| 8       | Brother (Including StepBrother) |           |         |                             |
| 9       | Sister (Including Step-Sister)  |           |         |                             |
| 10      | Members of HUF                  |           |         |                             |

Signature:

DIN No:

Date:

Foot Note

- 1) All other conditions of the policy will continue to apply in all Related party transactions.
- 2) Cost saving need not be critical unless it is material and the same shall be decided by the board.
- 3) In case of asset disposal, higher bid from the related party need not be the reason to do the transact.

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