DSP FINANCE

DSP FINANCE PRIVATE LIMITED

Policy on Related Party Transactions
(RPT Policy)

Version	Description	Reviewed By	Approved By
1.0	Initial Release	Priya Ranjit	Board of Directors on August 22nd, 2024
1.1	Annual Review	Sahib Pahwa	Board of Directors on August 19th, 2025
1.2	Annual Review	Sahib Pahwa	Board of Directors on September 28th, 2026

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1. **Background & Title:**

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders.

Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 **("Act")** read with the Rules framed there under DSP Finance Private Limited **("Company or DSP Finance")** is required to formulate a Policy for identification of related parties and the proper conduct and documentation of all related party transactions.

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

This policy shall be called the 'Policy on Related Party Transactions' **("Policy").**

2. **Objective & Scope:**

The objective of this Policy is to:
(a) set out the manner of dealing with the transactions between DSP Finance and its related parties based on the Act, and any other laws and regulations as may be applicable to the Company; and
(b) lay down the guiding principles and mechanism to ensure timely identification, proper approval, disclosure and reporting of transactions as applicable, between DSP Finance and any of its related parties.

3. **Definitions:**

i) **'Act'** means Companies Act, 2013 and rules thereto, including any amendments, re-enactments, modifications, notifications, circulars and orders issued from time to time.

ii) **'Arm's Length Transaction/ Basis'** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest or vested interest in that transaction.

iii) **'Associate Company'** means any other Company in which Company has a significant influence, but which is not a subsidiary company and includes a joint venture company, as defined under Section 2(6) of the Act

'Audit Committee' or 'Committee'means the Committee duly constituted by the Board of Directors of the Company as per provisions under Section 177 of the Companies Act, 2013 and RBI Master Directions to perform suchpowers,functions and duties as prescribed therein.

iv) **'Board' or 'Board of Directors'** means the Board of Directors of the Company, as constituted from time to time

v) **'Control'** shall have the same meaning as assigned to it under clause (e) of sub-regulation (1) of regulation 2 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

vi) **'Group Companies'** means two or more entities related to each other through any of the following relationships: Subsidiary – parent (defined in terms of AS 21), Joint venture (defined in terms of AS 27), Associate (defined in terms of AS 23), Promoter–promotee [as provided in the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011]for listed companies, a related party (defined in terms of AS 18), common brand name, and investment in equity shares of 20 percent and above.

vii) **'Key Managerial Personnel (KMPs)'** means the managerial personnel as defined under Section 2(51) of the Companies Act and shall include the following:
(a) the Chief Executive Officer or the managing director or the manager
(b) the company secretary
(c) the whole-time director
(d) the Chief Financial Officer
(e) such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and
(f) such other officer as may be prescribed

viii) '**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 Listing Regulations, whichever is stricter, from time to time.

ix) **'Ordinary Course of Business'** - means a transaction which is:
(a) carried out in the normal course of business envisaged in accordance with the memorandum of association of the Company as amended from time to time,
(b) any activity which is in furtherance of the business
(c) any activity which is normal or otherwise routine for the particular business (i.e. activities like advertising, staff training, etc.)
(d) a historical practice with a pattern of frequency,
(e) a common commercial practice
(f) yielding income treated as business income in the company's books of account
(g) meeting any other parameters/criteria as decided by the Board/Audit Committee, from time to time.

x) **'Related Party'** with reference to DSP Finance shall mean and include all related parties as per the applicable accounting standards. Further, the related party shall also include the following related parties defined under Section 2(76) of the Companies Act, 2013.
(a) a director or his relative
(b) a key managerial personnel or his relative
(c) a firm, in which a director, manager or his relative is a partner
(d) a private company in which a director or manager or his relative is a member or director
(e) a public company in which a director or manager is a director or holds along with his relatives, more than two percent. of its paid-up share capital
(f) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager
(g) any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in clauses (f) and (g) shall apply to the advice, directions or instructions given in a professional capacity.

xi) **"Related Party Transaction" (RPT)** means any transaction directly and indirectly between the Company and any Related Party involving transfer of resources, services or obligations, regardless of whether a price is charged and includes:
- sale, purchase or supply of any goods or materials
- selling or otherwise disposing of, or buying property of any kind
- leasing of property of any kind
- availing or rendering of any services
- appointment of any agent for the purchase or sale of goods, materials, services or property
- such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company
- underwriting the subscription of any securities or derivatives thereof, of the Company, etc.

RPT shall be construed to include single transaction or a group of transactions in a contract.

xii) **'Relative**'- means and includes the following as defined under Section 2(77) of the Companies Act, 2013 and Rule 4 of the Companies (Specification of definitions details) Rules, 2014:
- Members of a Hindu undivided family
- Husband or wife
- Father (including stepfather)
- Mother (including stepmother)
- Son (including stepson)
- Son's wife
- Daughter
- Daughter's husband
- Brother (including stepbrother)
- Sister (including stepsister)

xiii) **'Subsidiary Company' or 'Subsidiary',** means any other Company in which the Company: —
i. controls the composition of the Board of Directors; or
ii. exercises or controls more than one-half of the total share capital/ total voting power either on its own or together with one or more of its subsidiary companies, as defined under Section 2(87) of the Act.

4. Identification of Related Parties:

The following process shall be followed to ensure all related parties are identified in order to obtain the requisite approvals for any transaction with such related parties:

i) Every director shall at the first meeting of the Board in which he/she participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals, including his shareholding, shall furnish **Form MBP–1** "Notice of Interest by Director" pursuant to Section 184(1) and Rule 9 of the Companies (Meeting of Board and its Powers) Rules, 2014 and also declare whether the Board of Directors, managing director or manager of any other body corporate is accustomed to act in accordance with his/her advice, directions or instructions (given otherwise than in a professional capacity).

ii) Group Companies are identified for each & every transaction as per the definition given in the Indian Accounting Standards ('Ind AS') & the Act.

Every Director, Key Managerial Personnel, Functional / Business heads / Chief Financial Officer will be responsible for providing additional information about the transaction that the Board /Committee may request, for being placed before the Committee and the Board.

5. Review and Approval of RPTs:

i. Approval of the Audit Committee:

Prior approval of the Audit Committee:

In accordance with the Section 177 of the Act, all Related Party Transactions (RPT/RPTs hereafter) shall be subject to prior approval of the Audit Committee even if the transaction and/or subsequent modifications thereto is in the ordinary course of business and at arm's length price.

Members of the Audit Committee, who are directly or indirectly interested in any RPT shall disclose his/her interest at beginning of the RPT agenda.

While considering any transaction, the Audit Committee shall 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.

The Audit Committee shall further review the arm's length nature of the transaction, at the time of entering into the transaction with the Related Party. The Audit Committee shall continue to take into consideration the subsequent events (i.e., events after the transaction 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, that may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

The Audit Committee may, if deemed necessary, seek professional assistance of an independent valuer or a Chartered Accountant or a Cost Accountant or a legal counsel or any other professionally qualified person's independent opinion in order to determine whether or not a particular Related Party Transaction is an Arm's Length Transaction and in the ordinary course of business.

Standing Pre-Approval / Omnibus Approval by the Audit Committee:

Audit Committee may also grant omnibus approval for related party transactions proposed to be entered into by the Company subject to fulfilment of the following conditions:

a. The Audit Committee may approve related party transactions under omnibus route subject to fulfilment of the criteria laid in the Rule 6A of the Companies (Meetings of Board and its Powers) Rules 2014 read with Section 177(4) of the Act; and such other criteria as the Committee may deem fit.

b. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: –
   i. repetitiveness of the transactions (in past or in future);
   ii. justification for the need of omnibus approval.

c. The Audit Committee shall satisfy itself of the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company.

d. Transactions put up for omnibus approval shall specify/disclose (i) the name/s of the related party, nature of transaction, period of transaction, maximum value of transaction that can be entered into, aggregate value of such transactions, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other information as the Audit Committee may deem fit.

e. 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.1 Crore per transaction.

f. Omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

g. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

h. In case of transaction, other than transactions referred to in Section 188 of the Act and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board for obtaining approval.

i. In case any transaction involving any amount not exceeding Rs. 1 crore is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee.

j. Audit Committee shall review on periodic basis, the details of related party transaction entered by the Company pursuant to each of the omnibus approval given.

k. Any other conditions as the Audit Committee may deem fit.

ii. Approval of the Board:

Subject to the provisions of Section 188 (1) of the Act, the related party transactions which are required to be approved by the Board of the Company under the provisions of the Act shall be entered into and acted upon, only after such approval is accorded by the Board. These transactions have been covered in the definition of related party transaction above in Point 3 (xii).

Any related party transaction which is not in the ordinary course of business and/or not on arm's length basis will require Board's approval.

In accordance with Section 184 of the Companies Act, 2013 and all other applicable provisions, any director of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into, shall be entitled to participate in the meeting after disclosure of his concern or interest in terms of the provisions of the Act, at the meeting of the Board in which the contract or arrangement is discussed.

Management shall present to the Board the following information, to the extent relevant, with respect to the Related Party Transactions for their approval:

(a) the name of the related party and nature of relationship
(b) the nature, duration of the contract and particulars of the contract or arrangement
(c) the material terms of the contract or arrangement including the value, if any
(d) any advance paid or received for the contract or arrangement, if any
(e) justification for entering such contract arrangement or transaction
(f) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract
(g) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
(h) any other information relevant or important for the Board to take a decision on the proposed transaction

iii. Transactions with related parties requiring Shareholder's approvals:

Subject to the provisions of Section 188 of the Act read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, the Company shall take necessary approvals from the shareholders while entering into the related party transactions in case the value of the transactions exceeds the limits as prescribed under the provisions of the Act.

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under Section 188(1) of the Act, and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders

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6. Disclosures & Reporting for RPTs:

i. As per the Companies Act:

- Pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, every Contract or arrangement entered with Related Parties in accordance with Section 188(1) of the Act shall be disclosed in the Board's Report along with justification for entering into such contract/arrangements in Form AOC - 2.
- In terms of Section 177(8) of the Act, where the Board has not accepted any recommendation of the Audit Committee, the same shall be disclosed in the Boards' report with reason thereof.
- Making necessary entries in the Register of Contracts required to be maintained under Section 189 of the Act.

ii. As per the Indian Accounting Standard (Ind AS) 24

In terms of IND AS 24, the following disclosures are required to be made in the financial statements:

- Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there \ have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.
- Key management personnel compensation in total and for each of the following categories: (a) short-term employee benefits; (b) post-employment benefits; (c) other long-term benefits; (d) termination benefits; and (e) share-based payment.
- Related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements.
- At a minimum, disclosures shall include:
  (a) the amount of the transactions;
  (b) the amount of outstanding balances, including commitments, and (i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and (ii) details of any guarantees given or received;
  (c) provisions for doubtful debts related to the amount of outstanding balances; and
  (d) the expense recognised during the period in respect of bad or doubtful debts due from related parties.
- The Standard requires that the disclosures, shall be made separately for each of the following categories:
  (a) the parent
  (b) entities with joint control of, or significant influence over, the entity

7. Records relating to Related Party/Supporting documents:

All disclosures, supporting documents shall be preserved for a period of eight years from the end of the financial year to which it relates and shall be kept in the custody of the Core Finance Department and any other person authorized by the Board for the purpose.

8. Review of Policy:

The Policy shall be amended or modified with approval of the Board on the recommendation of the Audit Committee. The Policy shall be reviewed by the Board on an annual basis. Consequent upon any amendments in Applicable Laws or any change in the position of the Company, necessary changes in this Policy shall be incorporated and approved by the Board on recommendation of the Audit Committee.

Notwithstanding anything contained in this Policy, in case of any contradiction of the provision of this Policy with any existing legislations, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this Policy.