

PURPLE FINANCE

RELATED PARTIES TRANSACTION

POLICY

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Background:

The Related Party Policy (“Policy”) is being framed with the objective of ensuring compliance with section 188 and any other provisions pertaining to Related Party Transactions under the Companies Act, 2013 (“the Act”), the Rules made thereunder and the relevant RBI Master Directions related to Related Party Transactions as amended from time to time.

Related Party Transactions referred to throughout this Policy shall mean contracts/arrangements/transactions with a Related Party (as defined under the Act). Accordingly, Related Party Transactions may be entered into by Purple Finance Limited (“the Company”) only in accordance with this Policy as amended from time to time.

This Policy has been adopted by the Board of Directors of the Company. Going forward, the Audit Committee would review and amend this Policy, as and when required, subject to the approval of the Board. In case the Audit Committee has not been constituted at the time then the Policy shall be reviewed and amended by the Board. In addition to the above, this Policy shall be reviewed by the Board of Directors at least once in three years.

Objective:

The objective of this Policy is to ensure timely identification, approval, disclosure and reporting of transactions between the Company and its related parties. The Company shall engage with Related Parties in the ordinary course of business and on arms’ length basis and ensure that transactions with Related Parties are fully compliant with the applicable regulations.

The provisions of the 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.

Definitions:

“Arm’s length” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest as defined under the Companies Act, 2013.

“Audit Committee or Committee” means the committee of the Board of the Company constituted in accordance with provisions of and the Companies Act, 2013.

“Board” means the Board of Directors of the Company.

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

“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 and/or Regulation/Rules/Guidelines or other Directions.

“Related Party” means related party as defined under the Companies Act, 2013 read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the relevant accounting standards as may be amended from time to time

“Related Party Transaction” means any transaction between the Company and any Related Party for 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
- Financing (including loans and equity contributions in cash or kind)
- Providing or obtaining guarantees and collaterals
- Deputation of employees.

“Relative” means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner:

- Members of a Hindu Undivided Family
- Husband or Wife;
- Father (including Step-Father)
- Mother (including Step-Mother)
- Son (including Step-Son)
- Son's Wife
- Daughter
- Daughter's Husband
- Brother (including Step-Brother)
- Sister (including Step-Sister)

“Transaction” with a related party shall be construed to include a single transaction or a group of transactions.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, as amended from time to time or any other applicable law or regulation.

Identification of Related Party Transactions:

Related parties will be identified on an ongoing basis in line with the applicable laws.

All the Directors and Key Managerial Personnel's (KMPs) shall be responsible for informing the Company of their interest (including interest of their Relatives) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year, immediately on occurrence. Further, Directors and KMPs should disclose to the Board whether they, directly, indirectly, or on behalf of third parties, have material interest in any transaction or matter directly affecting the Company. In addition, all Directors and KMPs are responsible for giving notice to the Company Secretary and Chief Financial Officer (CFO) of any potential Related Party Transaction involving them or their Relatives.

The Company shall report the transactions entered into with related parties identified and put the same for necessary approvals required as per the applicable laws and as stated in this Policy.

Review and Approval of Related Party Transactions:

Approval:

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section, which are not in the ordinary course of business or at arm's length basis, shall be placed before the Board for its approval. Such approval shall be granted only by means of a resolution passed at a Meeting of the Board. The Company may if it considers necessary and shall if the Audit Committee or Board so requires, seek external professional opinion to determine whether an RPT is in the ordinary course of business and/ or at arms' length.

In addition to the above, the Committee/ Board shall accord its approval to such transactions which it considers as in the ordinary course of business and at arm's length basis.

All Material Related Party Transactions- those whose value exceeds 10% of the turnover of the Company (other than transactions in the ordinary course of business and at arms' length) and transaction which are not at arms' length shall be entered into only with the prior approval of the Shareholders of the Company by special resolution.

Prior approval of the Board / Audit Committee and the Shareholders shall also be required in cases of Related Party Transactions enumerated under Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014.

The Company shall provide all information as provided under Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014 to the Board/ Audit Committee/ Shareholders, when approval on a Related Party Transaction is sought.

Related Parties, if present at such Board / Audit Committee/Shareholder meeting shall abstain from voting on the transaction.

Review:

The Board/ Audit Committee shall review the following while approving the Related Party Transactions as specified above:

- whether the transaction is in the ordinary course of business and on an arms' length basis;
- the reasons for entering into the transaction and the consequences of entering into the said transaction, with a non-related party;
- whether there is any conflict of interest for any Director or Key Managerial Personnel;
- whether there any reputational risks are envisaged as a result of the said Related Party Transaction.

All the proposed Related Party Transactions shall be referred to the Audit Committee (or Board if the Audit Committee has not been formed) and shall be reviewed on a quarterly basis.

Omnibus Approval:

The Board (or Audit Committee when formed) may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company. The Board / Committee shall review, at least on a quarterly basis, the details of the Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Registers and Disclosures:

- The Company shall keep and maintain a register, providing the particulars of all contracts or arrangements to which the Policy applies.
- Every Director and the KMP shall within a period of 30 days from their appointment, or relinquishment of their office in other Companies/Firms/bodies corporate, as the case may be, disclose to the Company the particulars relating to their concern or interest in the other associations which are required to be included in the Register maintained in this regard.
- The Register shall be preserved permanently and shall be kept in the custody of the Company Secretary of the Company or any other person authorised by the Board for the purpose. This Policy will also be uploaded on the website of the Company and shall be disclosed in the Annual Report.

Related Party Transactions not previously approved:

Where any contract or arrangement is entered into by a Director or any other employee of the Company with a Related Party, without obtaining the necessary approvals and if such transaction is not ratified by the Committee, 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/arrangement shall be voidable at the option of the Board.

Review:

This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to any notifications and directions issued or under any other law applicable, from time to time.

The Policy shall be reviewed every year by the Board of Directors of Company or whenever there is a significant change in the Policy.

Disclosures:

All Related Party Transactions will be disclosed in Annual Report, Results and other filings made by the Company, to the extent required as per the applicable provisions of the laws and regulations.

Relevant Regulations:

Companies Act, 2013