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**Satin Creditcare Network Limited**  
**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND**  
**DEALING WITH RELATED PARTY TRANSACTIONS**  
**Version 5- effective from 01.04.2022**

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**Ownership- Secretarial Department**

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**SATIN CREDITCARE NETWORK LIMITED**

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India,

Corporate Office: Plot No. 492, Udyog Vihar-Phase III, Gurugram, Haryana – 122016, India.

CIN: L65991DL1990PLC041796

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**Revision History:**

<b>Version No.</b>	<b>Approval date</b>	<b>Effective date</b>	<b>Prepared by/Modified by</b>	<b>Overview of Changes</b>	<b>Approved by</b>
Version-1	09.02.2015	09.02.2015	Chy. Runveer Krishanan	Original	Board of Directors
Version-2	10.02.2016	10.02.2016	Chy. Runveer Krishanan	Modification	Board of Directors
Version-3	10.02.2017	10.02.2017	Chy. Runveer Krishanan	Modification	Board of Directors
Version-4	08.05.2019	08.05.2019	Chy. Runveer Krishanan	Modification	Board of Directors
Version-5	31.01.2022	01.04.2022	Vipul Sharma	Modification	Board of Directors



## **1. SCOPE AND PURPOSE OF THE POLICY**

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. Therefore, the requirements for approval of related party transactions are prescribed under Section 177 & 188 the Companies Act, 2013 (“Act”) read with the Rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), including any statutory modification(s) or re-enactment thereunder.

Also, Regulation 23(1) of the SEBI Listing Regulations requires the company to formulate a policy on materiality of related party transactions and dealing with related party transactions. In light of the above, the Company has framed this Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee.

## **2. DEFINITIONS:**

“Related Party” as defined under Regulation 2 (zb) of SEBI Listing Regulations, as amended.

“Related Party Transactions” as defined under Regulation 2 (zc) of SEBI Listing Regulations as amended.

## **3. OBJECTIVE OF THE POLICY**

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on Sections 177 & 188 of the Act and rules made thereunder, Regulation 23 of the SEBI Listing Regulations and any other laws, rules and regulations as may be applicable to the Company.

## **4. APPROVALS AND REVIEW**

- a) All RPTs including any material modification or renewal thereof shall require prior approval of the Audit Committee (the ‘Committee’). Provided that only those members of the Committee, who are independent directors, shall approve related party transactions.
- b) An RPT to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Committee of the Company, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds **ten per cent of the annual consolidated turnover**, as per the last audited financial statements of the Company.
- c) with effect from April 1, 2023, a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Committee if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds **ten per cent of the annual standalone turnover**, as per the last audited financial statements of the subsidiary.
- d) prior approval of the Committee shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.
- e) The Company shall provide the following information, for review of the Committee for approval of a proposed Related Party Transaction (“RPT”):
  1. Type, material terms and particulars of the proposed transaction;
  2. 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);
  3. Tenure of the proposed transaction (particular tenure shall be specified);



4. Value of the proposed transaction;
  5. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
  6. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity 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 RPT.
  7. Justification as to why the RPT is in the interest of the listed entity;
  8. A copy of the valuation or other external party report, if any such report has been relied upon;
  9. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
  10. Any other information that may be relevant.
- f) The Company shall include the following information as a part of explanatory statement to the notice sent to shareholders in addition to the requirement of Section 188 of the Companies Act, 2013, for review of the Shareholders for approval of a proposed RPT:
1. A summary of the information provided by the management of the Company to the audit committee as specified in point (e) above;
  2. Justification for why the proposed transaction is in the interest of the Company;
  3. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the details specified under point (e) 6 above. (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs.);
  4. 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;
  5. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
  6. Any other information that may be relevant.
- g) The Committee shall grant omnibus approval for RPTs proposed to be entered into by the Company, subject to the following conditions:
1. The proposed RPTs are repetitive in nature and the Committee is satisfied that such omnibus approval is in the interest of the Company;
  2. Omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year;
  3. audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.
  4. RPTs which cannot be foreseen and where the details prescribed in the criteria for seeking omnibus approval are not available, the Committee may grant omnibus approval **upto Rs. One crore per transaction.**



- h) Every RPT which is 'Material' as defined in this Policy or any material modification thereof, shall require prior approval of the shareholders. No Related Parties shall vote to approve the relevant transaction, irrespective of whether they are party to the particular transaction or not.
- i) All RPTs prescribed under Section 188 of the Act which are either not in the ordinary course of business or are not at arm's length basis, shall require prior approval of:
- Board; and
  - Shareholders, if amount of such transactions exceeds the limits prescribed in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014. No Related Party shall vote to approve such transaction.
- j) All RPTs including RPTs approved through omnibus approval, shall be reviewed post facto by the Committee. The Committee shall be informed whether the RPTs have been entered into in the ordinary course of business and on arm's length basis.
- k) The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

#### **5. MATERIALITY THRESHOLDS**

Pursuant to the provisions of Regulation 23 of the Listing Regulations, a transaction with a related party shall be considered 'Material' if the transaction to be entered into individually or taken together with previous transactions during a financial year **exceeds Rs. 1,000 crore or 10% of the annual consolidated turnover of the Company**, whichever is lower, as per the last audited financial statements of the Company.

Pursuant to the provisions of Regulation 23(1A) of the Listing Regulations, 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, **exceeds 2% of the annual consolidated turnover of the Company** as per the last audited financial statements of the Company.

Related Party Transaction policy on materiality and its threshold limits shall be reviewed by the Board of Directors of the Company once in every three years and updated accordingly.

#### **6. MATERIAL MODIFICATION TO THE ALREADY EXECUTED RPT(s)**

Any subsequent modification to related party transaction with a related party shall be considered material, if the value of such modification individually or taken together with modifications during a financial year, exceeds 50 percent of value of transaction which is proposed to be modified.

Provided that if any future modification or alteration is already approved at the time of approving original transaction by Audit Committee and/ or Shareholders, such modification or alteration shall not be treated as material modification.

#### **7. TRANSACTIONS WITH WHOLLY OWNED SUBSIDIARIES:**

Approval of Committee as well as Shareholders not required for the following related party transactions:

- transactions entered into with wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting/ or approval.



**8. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummate, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction.

In any case, where Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, Audit Committee has authority to modify or waive any procedural requirements of this Policy.

**9. DISCLOSURE**

In terms of Regulation 23(9), the Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the SEBI from time to time, and publish the same on its website.

Provided further that the Company shall make such disclosures every six months within fifteen days from the date of publication of its standalone and consolidated financial results:

Provided further that the listed entity shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023.

The Company shall disclose this Policy on its website and also provide web link in the Annual Report.

**10. REVIEW/AMENDMENT**

This policy and its threshold limits shall be reviewed by the Board of Directors of the Company once in every three years and updated accordingly.

Board has the power and authority to amend and modify the Related Party Transaction Policy in light of modifications and amendments in SEBI Listing Regulations and Act or otherwise.

**11. SCOPE AND LIMITATION**

In the event of any conflict between the provisions of this Policy and the SEBI Listing Regulations / Act or any other statutory enactments, rules, the provisions of such SEBI Listing Regulations / Act or statutory enactments, rules shall prevail over this Policy.

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