Reliance Capital Limited

Policy on Related Party Transactions

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1. Introduction

This policy outlines the principles and procedures for identifying, reviewing, approving, and monitoring transactions between Reliance Capital Limited ("the Company"), an unlisted Non-Banking Financial Company - Core Investment Company (NBFC-CIC) registered with the Reserve Bank of India (RBI), and its related parties.

2. Purpose

The purpose of this policy is to:

- Ensure that all related party transactions are conducted in a fair, transparent, and arm's length manner.
- Prevent conflicts of interest and protect the interests of the Company and its shareholders.
- Comply with the requirements of the Companies Act, 2013, relevant rules, and any applicable guidelines or regulations issued by the RBI.
- Establish a framework for the identification, approval, and disclosure of related party transactions.
- Promote sound corporate governance practices.

3. Scope and Applicability

This policy applies to all transactions between the Company and its related parties, regardless of the value or nature of the transaction.

4. Definitions

- Arm's Length Transaction: A transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- Audit Committee: The Audit Committee of the Board of Directors of the Company, as constituted under the Companies Act, 2013.

- Board of Directors: The Board of Directors of the Company.
- Company: Reliance Capital Limited, the unlisted NBFC-CIC.
- Key Managerial Personnel (KMP): As defined under the Companies Act, 2013.
- “Related Party” means a party as defined under Section 2(76) of the Companies Act, 2013 and applicable accounting standards, as amended from time to time.
- “Related Party Transaction” means transaction with a Related Party.

  All other terms and references used but not defined herein shall have the same meaning as is assigned to them under the Companies Act, 2013 and rules, regulations, notifications and circulars issued thereunder.

6. Principles for Related Party Transactions

All related party transactions shall adhere to the following principles:

- Arm's Length: All related party transactions shall be conducted at arm's length.
- In the Best Interest of the Company: All related party transactions shall be in the best interest of the Company and its shareholders.
- Transparency: All related party transactions shall be transparent and properly documented.
- Prior Approval: All material related party transactions shall be approved prior to execution, as per the approval limits defined in this policy.
- Compliance: All related party transactions shall comply with the Companies Act, 2013, RBI guidelines, and other applicable laws and regulations.

7. Approval of Related Party Transactions

- 7.1 Role of the Audit Committee
  - The Audit Committee shall review and approve all material related party transactions.

- The Audit Committee shall consider the following factors when reviewing related party transactions:
  - Whether the transaction is at arm's length.
  - Whether the transaction is in the best interest of the Company.
  - The potential impact of the transaction on the Company's financial position.
  - Any potential conflicts of interest.
  - The terms of the transaction, including pricing, payment terms, and other relevant details.
- The Audit Committee may seek independent professional advice to assess the fairness of any related party transaction.

- **7.2 Board Approval**
  - The Board of Directors shall approve related party transactions that are:
    - Outside the authority delegated to the Audit Committee.
    - Deemed to be significant or complex.
  - The Board shall consider the recommendations of the Audit Committee when approving related party transactions.
- **7.3 Shareholder Approval (if applicable)**
  - Certain related party transactions may require shareholder approval under the Companies Act, 2013.
  - The Company shall ensure compliance with all applicable requirements for shareholder approval.

8. Materiality of Related Party Transactions

- The Board of Directors, in consultation with the Audit Committee, shall establish criteria for determining the materiality of related party transactions.

- These criteria shall be based on both quantitative and qualitative factors, considering the specific context of the Company and the RBI guidelines.
- The materiality criteria shall be reviewed periodically and updated as necessary.
- The policy will define the threshold of the transactions, beyond which, the approval of the audit committee and board of directors would be required.

9. Review of Related Party Transactions

- All related party transactions shall be reviewed periodically by the Audit Committee to ensure ongoing compliance with this policy.
- The Audit Committee shall review the following:
  - The terms and conditions of related party transactions.
  - The rationale for entering into the transactions.
  - The documentation supporting the transactions.
  - Any potential conflicts of interest.

10. Ongoing Monitoring

- The Company shall establish procedures for the ongoing monitoring of related party transactions.
- This shall include:
  - Tracking all related party transactions.
  - Monitoring compliance with the terms of approved transactions.
  - Identifying any potential deviations from this policy.
- Any deviations from this policy shall be promptly reported to the Audit Committee and the Board of Directors.

11. Disclosure Requirements

- The Company shall disclose all related party transactions in its financial statements and other disclosures, in accordance with the requirements of the Companies Act, 2013, RBI guidelines, and applicable accounting standards.
- The disclosures shall include:
  - The nature of the relationship with the related parties.
  - A description of the transactions.
  - The amounts involved in the transactions.
  - Any other information required to be disclosed under applicable laws and regulations.

12. Compliance with RBI Guidelines

- This policy shall be subject to any applicable guidelines or regulations issued by the RBI concerning related party transactions by NBFC-CICs.
- The Company shall regularly monitor any updates or changes to the RBI guidelines and shall amend this policy as necessary to ensure compliance.
- In the event of any conflict between this policy and the RBI guidelines, the RBI guidelines shall prevail.

13. Policy Review

- This policy shall be reviewed by the Board of Directors or the Audit Committee at least once every three years, or more frequently as needed, to ensure its continued relevance and effectiveness.
- The review shall consider any changes in the Company's circumstances, industry practices, and regulatory requirements.

14. Amendments

- The Board of Directors reserves the right to modify, amend, or update this policy at any time, subject to the provisions of the Companies Act, 2013, RBI guidelines, and any other applicable laws and regulations.
- Any amendments to this policy shall be approved by the Board of Directors.