

RELATED PARTY TRANSACTION POLICY

SRS FINANCE LIMITED

(Adopted on 30.09.2014)



RELATED PARTY TRANSACTIONS POLICY

1. Preamble

The Board of Directors (the "Board") of SRS Finance Limited ("the Company" or "SRSFIN") has adopted Related-Party Transactions Policy (this "Policy") to set forth the procedures under which transactions with Related Parties shall be reviewed for approval or ratification in accordance with the provisions of the Companies Act, 2013 and rules framed thereunder and Clause 49 of the Listing Agreement with the Stock Exchanges as amended time to time.

No Related-Party Transaction may be entered into by the Company, or any of its subsidiaries (if any) or associates, except in accordance with the provisions of this Policy.

This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

2. Purpose

This policy is intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and its Related Parties as well as the policies concerning transactions with Related Parties.

Scope of the Policy

This policy is applicable to all the transactions entered into by the Company with Related Parties. However, if any provision of the policy contravenes with provisions of the Companies Act, 2013, Rules made thereunder and Listing Agreement, the provisions of such legal enactments shall prevail.

3. Definitions

"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.

"Audit Committee or Committee" means Committee constituted by the Board of Directors of the Company under the provisions of Listing agreement and the Companies Act, 2013.

"Associate Company" in relation to another company means a Company in which that other company has a significant influence, but which is not a subsidiary company of the Company having such influence and includes a joint venture company.

Explanation—For the purposes of this clause, "significant influence" means control of at least twenty per cent of total share capital, or of business decisions under an agreement.

"Board" means Board of Directors of the Company.

"Control" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

"Key Managerial Personnel" means key managerial personnel as defined under the Companies Act, 2013 and includes

(i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director;



- (ii) Company Secretary; and
- (iii) Chief Financial Officer

“Material Related-Party Transaction” 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 exceed ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company.

“Ordinary Course of Business” means the usual transactions that are necessary, normal and incidental to the business of the Company

“Policy” means Related Party Transaction Policy.

“Related Party” means related party as defined in Clause 49 of the Listing Agreement which is as follows:

1. Such entity is a related party under Section 2(76) of the Companies Act, 2013 which are as follows:

- (i) a director or his relative ;
- (ii) a key managerial personnel or his relative ;
- (iii) a firm, in which a director, manager or his relative is a partner ;
- (iv) a private Company in which a director or manager is a member or director ;
- (v) a public Company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital ;
- (vi) 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 ;
- (vii) any person under whose advice, directions or instructions a director or manager is accustomed to act :
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) any Company which is –
 - (A) a holding, subsidiary or an associate Company of such Company ; or
 - (B) a subsidiary of a holding Company to which it is also a subsidiary ;
- (ix) Director or key managerial personnel of the holding Company or his relative with reference to a Company; or

2. An entity is related to a Company if such entity is a related party under the applicable accounting standards and includes the following: -

Entity having control or joint control or significant influence over the Company by one or more of the following

- a. b. The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
- c. 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
- d. Both entities are joint ventures of the same third party; or
- e. One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
- f. The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company; or
- g. The entity is controlled or jointly controlled by a persons identified as a related party.



“Related Party Transaction” means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged.

Explanation: A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

“Relative” means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if –

- i. They are members of a Hindu undivided family;
- ii. They are husband and wife; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son’s wife
- vii. Daughter
- viii. Daughter’s husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

Criteria for determining Material Related Party Transactions

Category of Transactions	Material Related-Party Transactions - Companies Act, 2013	Material Related-Party Transactions – Listing Agreement
Sale, purchase or supply of any goods or materials directly or through appointment of agent	10% of turnover or Rs.100 crore, whichever is lower	Transaction or transactions to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agent	10% of net worth or Rs.100 crore, whichever is lower	
Leasing of property of any kind;	10% of net worth or 10% of turnover or Rs.100 crore, whichever is lower	
Availing or rendering of any services directly or through appointment of agent	10% of turnover or Rs.50 crore, whichever is lower	
Such Related Party's appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding Rs.2.5 lakh	
Underwriting the subscription of any securities or derivatives thereof, of the company	1% of net worth	
Explanation: The Turnover or Net Worth referred shall be computed on the basis of the Audited Financial Statement of the preceding Financial Year.		

4. Policy

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

4.1 Identification of Potential Related Party Transactions

All Related Party Transactions must be brought to the notice of the Audit Committee of the Company.



The Secretarial team shall identify all Related Parties for the Company on the basis of disclosures received from the Directors/ KMPs, corporate and investment structure and other supporting documents/ information. The names of all Related Parties identified shall be consolidated, as a Related Party Reference List (hereafter the 'Reference List') and this Reference List as amended from time to time shall be progressively shared with all Business Heads/Functional Heads (Director or higher), for compliance at their end.

All Directors and Key Managerial Personnel (KMPs) are 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.

In addition, all Directors and KMPs are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction is in the ordinary course of business and on an arm's length basis.

Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and to refer it to the Audit Committee.

4.2 Prohibitions related to Related Party Transactions

All Related Party Transactions shall require prior approval of the Audit Committee.

Further, all Material Related Party Transactions as described above shall require prior approval of the shareholders through special resolution and where a contract/arrangement has been entered into without obtaining the consent of the competent authority, it may be ratified by competent authority within 3 months of entering into such contract/arrangement. Related Parties shall abstain from voting on such resolutions.

4.3 Review and Approval of Related Party Transactions

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse him or her and abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee/Board will be provided with all relevant material information of the Related Party Transaction, 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. In determining whether to approve a Related Party Transaction, the Committee/Board will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the transaction in question is necessary to be executed as it is in the business interest of the Company;
- Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;



- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the committee was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would not be detrimental to the Company; and
- Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Executive Officer or other Related Party, the direct or indirect nature of the Director's, 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 Board/Committee deems relevant.

Provision of Omnibus Approval should be provided.

4.4 Omnibus Approval

The Company will enter into any Related Party Transactions only with the prior approval of the Audit Committee. The Audit Committee may grant omnibus approval for the proposed Related Party Transaction subject to the following conditions:

- a. The Audit Committee shall laydown the criteria for granting omnibus approval in linewith the policy on Related Party Transactions of the Company and such approval shall beapplicable in respect of transactions which are repetitive in nature;
- b. The Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company;
- c. Such omnibus approval shall specify the following:
 - Name(s) of the Related Party;
 - Nature of the transaction;
 - Period of transaction;
 - Maximum amount of transaction that can be entered into;
 - The indicative base price / current contracted price and the formula for variation inthe price, if any, and;
 - Such other conditions as the Audit Committee may deem fit.
- d. In such cases where the need for Related Party Transaction cannot be foreseen and detailsas required above are not available, the Audit Committee may grant omnibus approval forsuch transactions subject to their value not exceeding Rs.1.00 crore per transaction;
- e. The Audit committee shall review on a quarterly basis, the details of RPTentered into by the Company pursuant to each of the omnibus approval given;
- f. Such omnibus approvals shall be valid for a period not exceeding one year and shallrequire fresh approvals after the expiry of one year.

The Audit Committee will have the discretion to recommend / refer any matter relating to theRelated Party Transactions to the Board for the approval.

In the case of Material Related Party Transaction, the approval of the shareholders by way ofspecial resolution is also required and the Related Partys shall abstain from voting on such resolutions.



In the event transaction, contract or arrangement with the Related Party is either not in the ordinary course of business or is not at arms' length or both, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board and its shareholders, as applicable. Thus, the following types of transactions require approval from shareholders:

- Transactions not in the ordinary course of business
- Transactions in the ordinary course of business if not done at an arm's length
- Material Transactions as defined under clause 49 (VII) (C) of the listing agreement

Notwithstanding the foregoing, the following Related Party Transactions shall not require prior approval of Audit Committee or Shareholders:

Transactions entered into between a holding company and its wholly owned subsidiary (ies) whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval are not required to be approved by Audit Committee or Shareholders as the case may be.

5. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee/Board within 3 months of entering the transaction. If such transaction is not ratified within 3 months from the date of entering into contact, the Committee/Board shall consider all 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. The Committee/Board shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee/Board under this Policy, and shall take any such action it deems appropriate.

In a case, where the Committee/Board determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee/Board, 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, the Committee/Board has authority to modify or waive any procedural requirements of this Policy.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

DISCLOSURE

This Policy will also be uploaded in the website of the Company and weblink of the same will be disclosed in Annual Report of the Company prepared as per the requirement of the Companies Act, 2013 and Listing Agreement with the Stock Exchanges.

The Company will also disclose the details of all material Related Party Transactions on a quarterly basis along with the Compliance Report on Corporate Governance filed with the stock exchanges under clause 49 of the Listing agreement.

All the transactions entered into by the Company shall be referred to the Board Report to the Shareholders along with justification for entering into such transactions.

POLICY REVIEW

This Policy is framed based on the provisions of the Companies Act, 2013, and rules made thereunder and requirements of the proposed Clause 49 of the Listing Agreement with the stock exchanges as on September 30, 2014.



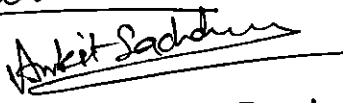
In case of any subsequent changes in the provisions of the Companies Act, 2013, or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

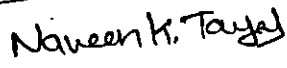
This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors.


This Policy is adopted by SRS Finance Limited on September 30, 2014.

For SRS Finance Limited

Dr. Anil Jindal 

Sh. Ankit Sachdeva 

Sh. Naveen Kumar Tayal 

Sh. Praveen Sharma 

Sh. Lalit Kumar 

Ms. Garima 