

RELATED PARTY TRANSACTION POLICY
(V-2023)

SBI GLOBAL FACTORS LIMITED

RELATED PARTY TRANSACTION POLICY

Index :

1. Introduction.....	1
2. Effective Date.....	1
3. Objective.....	1
4. Definitions.....	2
5. Details require for ascertaining related party list & Types of Related Party Transactions.....	4
6. Policy.....	5
7. Non-Compliance.....	11
8. Related Party Transactions not approved under this policy.....	11
9. Interpretation.....	12
10.Disclosure.....	12
11.Records relating to Related Party / Supporting documents.....	13

SBI GLOBAL FACTORS LIMITED

RELATED PARTY TRANSACTION POLICY

1. INTRODUCTION

The Board of Directors (the "Board") of SBI GLOBAL FACTORS LIMITED(the "Company" or "SBIGFL"), has adopted the following policy and procedures with regard to Related Party Transactions as defined in this policy. The Board has determined that the Audit Committee shall review, approve and ratify all Related Party Transactions.

The Related Party Transaction Policy may be amended from time to time in order to give effect to prescriptions made in the following legislations / directions:

- a) Companies Act, 2013& Rules, Regulations made and Circulars, Guidelines issued there under
- b) The Companies (Meeting of Board and its Powers) Rules,2014
- c) Applicable Accounting Standards / Indian Accounting Standard (IND AS)
- d) Consequential actions taken by the Board of Directors or the Audit Committee of the company.
- e) SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015

2. EFFECTIVE DATE

This policy will become mandatory with effect from January 23, 2015 and shall be applicable in respect of transactions made with:

- a) Board of Directors & their Relatives;
- b) Key Managerial Personnel (KMP) of the Company & their Relatives; and
- c) Related Parties, as defined hereinafter.

3. OBJECTIVE

This Policy is framed based on the provisions of the Companies Act, 2013, and rules there under. This policy intends to ensure proper approval and reporting of transactions between the Company and its Related Parties in accordance with the provisions of Companies Act, 2013 and rules there under or any other law for the time being in force. Such transactions are appropriate only if they are in the interest of the Company and its stakeholders.

4. DEFINITIONS

- (i) **"Act"** means the Companies Act, 2013 and includes any statutory modification or re-enactment thereof for the time being in force.
- (ii) **"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 and as defined in Section 188 of the Companies Act, 2013
- (iii) **"Associate Company"** means a company in which the Company has a significant influence, but which is not a subsidiary company of the company and includes a joint venture company.
Explanation.—"significant influence" means control of at least twenty percent of total share capital, or of business decisions under an agreement.
- (iv) **"Related Party Transaction (RPT) Committee"** means a committee of Senior Management as described in clause 6.1.
- (v) **"Audit Committee or Committee"** means Committee of Board of Directors of the Company constituted under Section 177 of the Companies Act, 2013.
- (vi) **"Board" or "Board of Directors"** means Board of Directors of the Company.
- (vii) **"General Meeting"** means and includes Annual General Meeting and/or Extraordinary General Meeting.
- (viii) **"Company"** means SBI Global Factors Limited.
- (ix) **"Key Managerial Personnel"** means Key Managerial Personnel ('KMP') as per Section 2(51) of the Companies Act, 2013 being:
 - a. The Chief Executive Officer or the managing director or the manager;
 - b. The Company Secretary;
 - c. Whole-time director;
 - d. The Chief Financial Officer; and
 - e. Such other officer as may be prescribed under the applicable statutory Provisions/regulations.
- (x) **"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, exceeds five percent of the annual turnover or twenty percent of the net worth of the company as per the last audited financial statements of the company, whichever is higher.
- (xi) **"Policy"** means Related Party Transaction Policy duly approved by Board and includes any amendments or modifications thereof.

- (xii) **"Related Party"** means Related party defined as per Section 2(76) of the Companies Act, 2013 read with Rule No. 3 of Companies (Specification of definitions details) Rules, 2014 being:

"related party", with reference to a company, means—

- (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 or his relative is a member or director;
- (v) a public company in which a director or manager and holds 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 on 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;
 - (C) an investing company or the venturer of the company;"Explanation.—For the purpose of this clause, "the investing company or the venturer of a company" means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.]
- (ix) such other person as may be prescribed;

- (xiii) **"Related Party Transaction"** means any transaction directly or indirectly with any Related Party involving transfer of resources, services or obligations, arrangements including any indebtedness of guarantee of indebtedness, regardless of whether a price is charged.

- (xiv) **"Relative"** means relative as defined as per Section 2(77) of the Companies Act, 2013 and includes anyone who is related to another, if –
- a. They are members of a Hindu undivided family ;
 - b. They are husband and wife ; or
 - c. One person is related to the other in such manner as may be prescribed, which is as follows:
 - 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)

(xv) Expressions in these regulations to bear same meaning as in the Act:

Subject as aforesaid and except where the subject or context otherwise requires, words or expressions contained in this Policy shall bear the same meaning as in the Act.

5. Details required for ascertaining related party list & Types of Related Party transactions

5.1 Details required for ascertaining related party list

The following details shall be required to ascertain related parties:

- a. Declaration/Disclosure of interest by all the Directors and KMPs' in the prescribed form.
- b. Declaration of relatives by all Directors and KMPs'.
- c. Declaration about a firm in which a Director/ Manager or his relative is a partner.
- d. Declaration about a private Company in which a Director or Manager is a member or director.
- e. Declaration regarding a public company in which a Director or Manager is a Director and holds along with the relatives more than 2% of the paid-up share capital.
- f. Notices from Directors of any change in particulars of Directorship or in other positions during the year.
- g. Details of Directors/ KMPs of the holding Company and their relatives.
- h. Details of 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 of the Company.
- i. Details of any person on whose advice, directions or instructions a Director or Manager is accustomed to act:
- j. Provided that nothing in point No. h & i shall apply to the advice, directions or instructions given in a professional capacity.
- k. **Details of any Company / Body Corporate which is**
 - a holding, subsidiary or an associate company of such company; or
 - a subsidiary of a holding company/body corporate to which it is also a subsidiary.
- l. Certification from the new recruit about whether any relative of recruit is a Director or KMP in the Company or SBI. If yes, disclosure of the same to the Corporate Secretarial Department by the HR Department.

5.2 The following transactions inter-alia will be covered under the policy:

- a. Sale, purchase or supply of any goods or materials;
- b. Selling or otherwise disposing of, or buying, property of any kind;
- c. Leasing of property of any kind;
- d. Availing or rendering of any services;
- e. Appointment of any agent for purchase or sale of goods, materials, services or property etc.

- f. Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company;
- g. Underwriting the subscription of any securities or derivatives thereof, of the company.
- h. Any other transaction as may be prescribed.

6. POLICY

All Related Party Transactions must be reported to the Audit Committee for approval as provided under the Companies Act, 2013 and the Rules there under.

However, any related party transaction which is either "Not in Ordinary Course" or "Not at Arm's Length" shall necessarily require prior approval of the Audit Committee and prior approval of the Board of Directors/shareholders(in certain situations) as provided under Section 177 and Section 188 of the Companies Act, 2013 and the Rules there under.

6.1. Related Party Transaction (RPT) Committee

- a. The RPT committee shall comprise of four members namely Chief Financial Officer, Chief Risk and Regulatory Control Officer, Head / Assistant Vice President -Accounts, and Company Secretary of the Company.
- b. The quorum of the RPT Committee shall be two members. However, presence of Company Secretary shall be essential to constitute the quorum.
- c. The RPT Committee shall meet as and when required.
- d. The RPT committee shall have to following role and responsibilities :
 - i) To review the database of related parties on annual basis.
 - ii) To review and approve transactions (which are in ordinary course and at arms length) with Related Parties as per guidance notes issued by the Audit Committee from time to time and to report the same to Audit Committee for ratification on quarterly basis.
 - iii) To review and ascertain whether a proposed transaction (proposed to be approved by the Audit Committee) is a Related Party Transaction or not and report and confirm the same to the Audit Committee.
 - iv) To review and recommend to the Audit Committee whether a transaction proposed to be approved by Audit Committee is at "Arms Length" and is "in Ordinary Course" of Company's business.
 - v) The Approvals given by the RPT Committee shall be implemented only after initials of the Company Secretary.
 - vi) RPT Committee shall not approve any transaction which, in its opinion, does not meet criteria of "Ordinary Course" and "Arm's Length" cumulatively. Any transaction proposed to be approved by the RPT Committee shall not be deemed as approved unless the approval is by unanimous decision.

6.2. Process for ascertaining related party

Company Secretarial Department, the owner Department for Board Related matters, shall at all times maintain a database of Company's Related Parties, identified on the basis of the definition set forth in Definition Clause above, along with their personal/company details including any revisions therein. The Related Party List shall be updated whenever necessary and shall be reviewed at least once a year, as on 1st April every year by Company Secretarial Department. The department shall collate the information, coordinate and send the Related Party List to the concerned employees which may include Chairman, MD & CEO, Business Heads, Branch Heads, the Finance & Accounts Department and Statutory Auditors and who the Department believes might be in the position to conduct or know of the possible conduct of Related Party Transactions.

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee / Board has adequate time to obtain and review information about the proposed transaction.

6.3. Review, Approval and Ratification of Related Party Transactions

- a. Any Business Note or decision (which is approved by any Head of Department or any KMP or MD & CEO or Dy.CEO or any other employee in exercise of his powers) approving any of the following transactions with any Party or Person shall be necessarily shared with the Company Secretarial Department for information immediately and in all cases within two working days from the date of such approval.
 - i) Sale, purchase or supply of any goods or materials with any Party or Person /-;
 - ii) Selling or otherwise disposing of, or buying, property of any kind with any Party or Person /-;
 - iii) Leasing of property of any kind with any Party or Person;
 - iv) Availing or rendering of any services with any Party or Person ;
 - v) Appointment of any agent for purchase or sale of goods, materials, services or property etc.
 - vi) Related party's appointment to any office or place of profit in the company, its subsidiary company or associate company;
 - vii) Underwriting the subscription of any securities or derivatives thereof, of the company.

As and when any transaction is contemplated with any Party or Person as above, the concerned office entertaining the request shall submit to the concerned Department Head, the details of proposed transaction with details/draft contract/

draft agreement or other supporting documents justifying that the transactions are on “arms’ length” basis in an “ordinary course” of business at prevailing market rate. The concerned Department Head shall provide the said note to the Company Secretarial Department which shall appropriately take it up for necessary prior approvals from the Audit Committee at its next meeting and convey back the decision to the originator. The suggested list of records and supporting documents is detailed separately in this policy.

- b. If the proposed transaction is not in ordinary course of business but at arms’ length basis, then the originating office shall give a detailed note with justification to Company Secretarial Department for entering into such transaction along with details of proposed transaction with draft agreement/MoU/other supporting documents. Based on this note, the Corporate Secretarial Department shall escalate the matter for necessary approvals of the Audit Committee/Board/Shareholders as may be applicable.
- c. All related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for approval or recommendation to the Board for approval as the case may be. Any member of the Audit Committee who has a potential interest in any Related Party Transaction will reclude himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.
- d. Company Secretarial Department shall present to the Audit Committee the following information, to the extent relevant, with respect to actual or potential Related Party Transactions:
 - A general description of the transaction(s), including the material terms and conditions.
 - The name of the Related Party and the basis on which such person or entity is a Related Party.
 - The Related Party’s interest in the transaction(s), including the Related Party’s position or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction(s).
 - The approximate Rupee value of the transaction(s), and the approximate Rupee value of the Related Party’s interest in the transaction(s) without regard to amount of profit or loss.
 - In the case of a lease or other transaction providing for periodic payments or installments, the aggregate amount of all periodic payments or installments expected to be made.
 - In the case of indebtedness, the aggregate amount of principal to be outstanding and the rate or amount of interest to be payable on such indebtedness.
 - Any other material information regarding the transaction(s) or the Related Party’s interest in the transaction(s).
- e. The Audit Committee shall, in accordance with the terms of reference specified in writing by the Board inter-alia, approve/disapprove transactions with relater parties or approve subsequent modification to approved transactions with related parties.

To review a Related Party Transaction, the Audit Committee 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.

The information provided shall specifically cover the following:

- (i) the name of the related party and nature of relationship;
- (ii) the nature, duration of the contract and particulars of the contract or arrangement;
- (iii) the material terms of the contract or arrangement including the value, if any;
- (iv) any advance paid or received for the contract or arrangement, if any;
- (v) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- (vi) 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;
- (vii) the persons/authority approving the transaction; and
- (viii) any other information relevant or important for the Committee to take a decision on the proposed transaction.

6.4. Factors considered for review and approval by the Audit Committee

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- (i) 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;
- (ii) Whether the Related Party Transaction would affect the independence of the directors/KMP;
- (iii) 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.
- (iv) Whether there are any undue compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;

- (v) Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- (vi) Where the ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company; and
- (vii) If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

If a Related Party Transaction will be ongoing, the Audit Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Audit Committee shall periodically review and assess ongoing relationships with the Related Party. Any material amendment, renewal or extension of a transaction, arrangement or relationship previously reviewed under this Policy shall also be subject to subsequent review under this Policy.

This Policy is intended to augment and work in conjunction with other Company policies having any code of conduct, code of ethics and/or conflict of interest provisions.

The Audit Committee periodically shall review this Policy and shall have authority to modify or waive any procedural requirements of this Policy and may also recommend amendments to this Policy from time to time as it deems appropriate. In addition to guidelines for ongoing Related Party Transactions, the Audit Committee may, as it deems appropriate and reasonable, establish from time to time guidelines regarding the review of other Related Party Transactions including those that (i) involve *de minimus* amounts, (ii) do not require public disclosure, or (iii) involve transactions that have primarily a charitable purpose.

The Board of Directors reserves the power to amend this policy from time to time. Any exceptions to the Policy on Related Party Transactions must be consistent with the Companies Act 2013, including the Rules promulgated thereunder and Insurance Regulatory and Development Authority Act, 1999 & Rules and Regulations made there under and must be approved in the manner as may be decided by the Board of Directors.

6.5. Transitional provision for transactions with related Parties entered under erstwhile Companies Act, 1956

Contracts entered into by companies, after making necessary compliances under Section 297 of the Companies Act, 1956, which already came into effect before the commencement of Section 188 of the Companies Act, 2013, will not require fresh approval under the said section 188 till the expiry of the original term of such contracts. Thus, if any modification in such contract is made on or after 1st April, 2014, the requirements under section 188 will have to be complied with.

6.6. Prior Approval of Shareholders

- (i) In terms of Proviso 1 to Section 188 of the Companies Act, 2013 read with Sub-Rule 3(i) of Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, Company having paid up capital of Rs.10 Crores or more, to enter into a related party transaction only with the prior consent of the Members by way of Special Resolution.
- (ii) In terms of Sub-Section (1) to Section 188 of the Companies Act, 2013 read with Sub-Rule 3(ii) of Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, the following transactions shall not be entered into without prior consent of the members by way of special resolution in a General Meeting:

Sr. No.	Rule ref.	Section ref. of Co. Act, 2013	Nature of Contract	Criteria to be passing special resolution
1.	15(3)(ii)(a)(i)	188(1)(a); & 188(1)(e)	sale, purchase or supply of any goods or materials directly or through appointment of agents	exceeding twenty five percent of the annual turnover
2.	15(3)(ii)(a)(ii)	188(1)(b); & 188(1)(e)	selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents	exceeding ten percent of net worth
3.	15(3)(ii)(a)(iii)	188(1)(c)	leasing of property of any kind	exceeding ten percent of the net worth or exceeding ten percent of turnover
4.	15(3)(ii)(a)	188(1)(d) ; &	availing or rendering of any services directly or	exceeding ten percent of the net

		188(1)(e)	through appointment of agents	worth
5.	15(3)(ii)(b)	188(1)(f)	appointment to any office or place of profit in the company, its subsidiary company or associate company	monthly remuneration exceeding two and half lakh rupees
6.	15(3)(ii)(c)	188(1)(g)	remuneration for underwriting the subscription of any securities or derivatives	exceeding one percent of the net worth

Note 1 - Explanation (1) to Rule 15(3): The Turnover or Net Worth referred in the above sub-rules shall be on the basis of the Audited Financial Statement of the preceding Financial year.

Provided that nothing in this shall apply to any transaction entered into by the company in ordinary course of business other than transactions which are not on an arms length basis.

6.7. Voting Rights

- (i) At meetings of the Board or Audit Committee:
The Related Party shall abstain from discussions in the Board Meeting where the related party transaction is being discussed.
- (ii) At meetings of the Shareholders of the Company:
All Related Parties to abstain from voting at the General Meeting where the related party transaction is placed before the members for approval.

7. Non-Compliance

Non-compliance shall lead to vacation of the Director and he will be disqualified to act as Director in any company apart from punishment with imprisonment and/or fine as prescribed by the Companies Act, 2013.

Non-compliance by an employee of the company shall lead to punishment with imprisonment and/ or fine as prescribed by the Companies Act, 2013.

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 consummation, the matter shall be reviewed by the Audit Committee. The 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. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. The Audit Committee may also disapprove of a previously entered into Related Party Transaction and may require that management of the company take all reasonable efforts to terminate, unwind, cancel or annul the related party transaction. In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

9. Interpretation

Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made there under, Accounting Standards or any other relevant legislation / law applicable to the Company.

In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term/provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

10. Disclosure

- 10.1.** Details of contract(s) or arrangement(s) have to be disclosed in the Board's Report along with the justification. The same shall be placed before Audit Committee for its review and then to the Board as part of Directors' report for approval.
- 10.2.** Necessary disclosures be made in the Annual Financial Statements as required under AS 18
- 10.3.** The Company shall keep a register in the prescribed format (Form MBP-4) giving the particulars of all contracts or arrangements in such manner and containing particulars duly authenticated by the authorized official of Company Secretarial Department and thereafter the same shall be placed before the next meeting of the Board.
- 10.4.** The Company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report as required by applicable laws, rules and regulations.

- 10.5.** All Related Party Transactions that are required to be disclosed in the Company's filings with the ROC, as required by the Companies Act, 2013 and related rules and regulations, shall be so disclosed in accordance with such laws, rules and regulations.

11. 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 Board and Coordination Division or any other person authorized by the Board for the purpose.

Supporting / justification on the transaction on arm's length basis.

Agreements or other supporting documents along with proper justification of the transaction being on arm's length basis in the ordinary course of business at a prevailing market rate shall also be preserved for a period of 8 years from the end of the financial year to which it relates and shall be kept in the custody of the Board and Coordination Division or any other person authorized by the Board for the purpose.