

POLICY ON RELATED PARTY TRANSACTIONS

- RSD FINANCE LIMITED

SCOPE AND PURPOSE OF THE POLICY

The Company has formulated a policy on Related Party Transactions which provides a framework to regulate transactions between RSD FINANCE LIMITED (“Company”) and its Related Parties.

The Policy also lays down mechanism for identification, approval and reporting of Related Party Transactions. The Policy may be amended at any time and is subject to any further change in the Listing Regulations or the Companies Act, 2013 (the act) or rules/regulations made there under.

1. DEFINITIONS

- (a) **“Act”** means Companies Act, 2013 including any statutory modifications or re-enactments thereof;
- (b) **“Board”** means Board of Directors of the Company;
- (c) **“Related Party”** with reference to the company, means an entity where:
 - Such entity is a related party as defined under section 2(76) of the Companies Act, 2013; or
 - Such entity is a related party under the applicable accounting standards.
- (d) **“Related Party Transaction”** means a transaction between the company and a Related Party where transaction is of the nature specified in sub-clause (a) to (g) of Section 188(1) of the Companies Act, 2013, or is a related party transaction as understood under the Listing Regulation.

2. POLICY

All Related Party Transactions must be identified and reported to the Audit Committee for their prior approval and also to Directors and shareholders for their approval, wherever necessary. However, the said transactions shall be disclosed in accordance with the requirements of the Companies Act, 2013 and the Listing Regulation.

3. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Each Director and Key Managerial Personnel is 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 Board/Audit Committee may request, for being placed before the Audit Committee and the Board. The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

4. APPROVAL OF RELATED PARTY TRANSACTIONS

(a) AUDIT COMMITTEE APPROVAL

The Company shall not enter into any contract or arrangement with a Related Party without the approval of the Audit Committee. Prior approval of the Audit Committee shall be obtained for all Related Party Transactions other than those with wholly owned subsidiary companies whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

However, the Committee can grant an omnibus approval for Related Party Transactions proposed to be entered into by the Company if the same is considered necessary and in the interest of the Company and on such conditions as may be decided by the Committee and in keeping with any limits for such omnibus approvals as may be required by the relevant authorities.

(b) APPROVAL OF BOARD OF DIRECTORS

All the Related Party Transactions under section 188 of the Companies Act 2013 shall be approved by the Board of Directors of the Company, however this provision will not apply to the transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis.

All the Material Related Party Transactions as per Listing Agreement shall be approved by the Board of Directors of the Company.

(c) APPROVAL OF SHAREHOLDERS

All the material related party transactions under Listing Agreement shall be approved by the Shareholders through an ordinary resolution and all entities falling under the definition of "related parties" shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

4. MATERIAL RELATED PARTY TRANSACTION

A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the consolidated annual turnover as per the last audited financial statements of the company.

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

I. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

II. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

III. Any transaction arising out of Compromises, Arrangements and Amalgamations dealt with under specific provisions of the Companies Act, 1956/Companies Act, 2013.

5. EXISTING CONTRACTS, IF ANY

The Policy shall operate prospectively and all the Contracts entered into by companies, after making necessary compliances under the Companies Act, 1956, which already came into effect before the commencement of the Companies Act, 2013, i.e April 1, 2014, will not require fresh approval till the expiry of the original term of such contracts. However, any agreement for material transactions which has been already approved and continued to be operational beyond March 2015, clause 4 of this policy needs to be followed.

6. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the 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 failure of the internal control systems, 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, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

7. DISCLOSURES AND AMENDMENT

Every Related Party with proper justification shall be disclosed in the “Directors Report”. Details of all material related party transactions shall be disclosed quarterly along with the compliance report on Corporate Governance.

The Related Party Transactions Policy shall be disclosed on the website of the Company www.rsdfinancelimited.com