

POLICY ON ARM'S LENGTH RELATIONSHIP AND INTER GROUP DEALINGS

The Board of Directors (the "Board") of Muthoot Vehicle & Asset Finance Limited (the "Company") has framed and adopted this policy and procedures with regard to Arm's length relationship and intergroup dealings.

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

1. OBJECTS OF THE POLICY

This policy is framed by Board of Directors of the Company to regulate transactions between the Company and Related Parties and intended to ensure the proper approval and reporting of transactions between the Company and Related Parties.

The Company need to Disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

2. DEFINITIONS

- I. "Audit Committee or Committee" means Committee of Board of Directors of Muthoot Vehicle & Asset Finance Limited
- II. "Board" means Board of Directors of the Company.
- III. "Key Managerial Personnel" means a key managerial personnel as defined under the Companies Act, 2013 including Managing Director, Whole Time Director, Chief Financial Officer and Company Secretary.
- IV. "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.
- V. "Policy" means Policy with regard to Arm's length relationship and intergroup dealings of Muthoot Vehicle & Asset Finance Ltd.
- VI. An entity is related to a company if any of the following conditions applies:
 - a. The entity is a related party under Section 2(76) of the Companies Act, 2013; or
 - 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 person identified in (1).
 - h. A person identified in (1)(b) has significant influence over the entity (or of a parent of the entity)
- VII. "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 or not.
- VIII. "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)

3. POLICY

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

GENERAL OPERATION GUIDELINES:

1. All Related Party Transactions shall require prior approval of Audit Committee.
2. 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.
3. Any transaction, which is opinion of Company or its management is in ordinary course of business, but it is doubtful that such transaction may be qualified to be a Related party transaction under Section 188 of Companies Act or clause 49 of listing agreements and is not in ordinary course of business shall be brought into the knowledge of Audit Committee.
4. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

5. The Company will review Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and seek information about the Proposed transaction for informed decision before proposed transaction and will give prior approval in accordance with such review.
6. The agenda of the Board/Committee meeting at which the resolution for Proposed Related Party Transaction is proposed to be moved shall disclose-
 - a. the name of the related party and nature of relationship;
 - b. the nature, duration of the contract and particulars of the contract or arrangement;
 - c. the material terms of the contract or arrangement including the value, if any;
 - d. any advance paid or received for the contract or arrangement, if any;
 - e. the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
 - f. 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; and
 - g. any other information relevant or important for the Board to take a decision on the proposed transaction.
7. All Material Related Party Transactions whether or not on arm's length basis shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolutions.
8. To review a Related Party Transaction, the 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.

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:

- a. Whether the terms of the Related Party Transaction are fair and on arm's length basis and transactions are terms of transactions are as if it is with not a related party;
- b. Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and what are the justification;
- c. Whether the Related Party Transaction would affect the independence of an independent director;

- d. Whether the proposed transaction includes any potential reputational risk / business risk/ Compliance Risk/ unwarranted issues that may arise as a result of or in connection with the proposed transaction;
 - e. Whether the Committee/Board was informed 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 be detrimental to the Company; and
 - f. 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 and any other factors the Board/Committee deems relevant.
9. The Committee will suggest with such modification as may be necessary or appropriate under the circumstances.
10. Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:
- a. 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 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.
 - b. Any transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis. Audit Committee need not refer such transactions to Board of Directors notwithstanding any compliance requirement of Companies Act, 2013 or any other regulations as applicable to the Company.
 - c. Any transactions which are part of Contract entered by the Company in past with any party for which Audit Committee/Board of Directors/Members in General Meeting/ Regional Directors approval have been obtained notwithstanding any compliance requirement of Companies Act, 2013 or any other regulations as applicable to the Company.

DEALING WITH TRANSACTIONS WHICH DON'T HAVE PRIOR APPROVAL:

In the event the Committee/Board 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 Committee.

- a. 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.

- b. 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 in connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

4. DECISION MAKING AND VOTING

- a. Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b. In the case of equality of votes, the Chairman of the meeting will have a casting vote.
- c. Committee may refer any matter for consideration and decision by full Board of Directors of the Company, if majority of members deem the matter fit for the said purpose. Such matters which are referred by the Committee will be deemed to be agenda of the meeting of Board of Directors.
- d. In case the Board is to approve the Related Party Transaction, then 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 in accordance with guiding principles of this policy.
- e. In case, majority of the Committee/Board is of opinion that the proposed related party transaction may not be treated as a transaction in ordinary course of Business/ not in Arm's Length Basis/ or is of material nature as prescribed under provisions of Companies Act, 2013 and/ then such matter(s)/related party transaction will be placed for member's approval in Compliance with applicable regulations.

5. REVIEW:

Audit Committee of the Company while considering related party transaction will be guided by this policy and subject to the power granted to/ terms of reference of the Committee as decided by Board of Directors of Company from time to time and requirement under the Companies Act, 2013 or such other acts, rules, regulations. Audit Committee of the Company may review this policy from time to time as it may deem fit. Any modification and Change in this policy will be subject to approval of Board of Directors based on recommendation of Audit Committee of the Company.