



**SURAKSHA
ARC**

**SURAKSHA ASSET RECONSTRUCTION LIMITED
POLICY ON RELATED PARTY TRANSACTION**

Approved /Reviewed by:	Board of Directors
Board Meeting No.	105 th
Board Meeting Date/Date of Approval/Review:	20 th May, 2026
With effect from/Date of Implementation:	20 th May, 2026
Date of introduction/reviews and reference in terms of versions.	27-06-2019 (version 1), 24-08-2023 (version 2), 30-11-2024 (version 3), 20-12-2024 (version 4), 22-08-2025 (version 5), 20-05-2026 (version 6)



1. Background & Objective:

Suraksha Asset Reconstruction Limited ('the Company') is an asset reconstruction company ("ARC/Company") registered under Section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act, 2002). It holds a valid Certificate of Registration from RBI numbered 022/2016 dated 6th June, 2019 in the name of Suraksha Asset Reconstruction Limited (formerly known as Suraksha Asset Reconstruction Private Limited) (in lieu of earlier certificate no. 022/2016 dated 29th September, 2016 issued by RBI, DNBR,CO, Mumbai).

The company's primarily focuses on the acquisition and resolution of non-performing assets (NPAs) from banks and financial institutions. Its primary activity involves purchasing bad loans at a discounted price and then undertaking measures for recovery, restructuring, or settlement of these distressed assets.

2. Applicability

2.1. The policy shall apply to all the individuals / entities covered under section 2(76) of the Companies Act 2013

"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 is a director and 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 body corporate which is—

- (A) a holding, subsidiary or an associate company of such company;
- (B) a subsidiary of a holding company to which it is also a subsidiary; or
- (C) an investing company or the venturer of a 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.

2.2. *RBI Definitions:*

a) *the company shall also identify "companies in the group" as defined by RBI, for disclosure to RBI in prescribed format (if any):*

" Companies in the group means an arrangement involving two or more entities related to each other through any of the following relationships: Subsidiary – parent (defined in terms of AS 21), Joint venture (defined in terms of AS 27), Associate (defined in terms of AS 23), Promoter–promotee [as provided in the SEBI (Acquisition of Shares and Takeover) Regulations, 1997] for listed companies, a related party (defined in terms of AS 18), common brand name, and investment in equity shares of 20 percent and above."

b) *'Related Party' with respect to a ARC shall mean a related person, or any of the following entities:*

- where a related person is a partner, manager, KMP, director or a promoter; or*
- where a related person is a shareholder with more than ten per cent of paidup equity share capital; or*
- where a related person is having control, whether singly or jointly with another person; or*
- where a related person controls more than twenty per cent of voting rights on account of ownership or through a voting agreement or through any other arrangement; or*
- where a related person has the power to nominate a director to its Board; or*
- which is accustomed to act on the advice, direction, or instruction of a related person; or*
- where a related person is a guarantor or a surety; or*
- where a related person is a trustee or an author or a beneficiary and where the entity is in the form of a private trust; or*
- which is related to the related person as a subsidiary or a parent company or a holding company or an associate or a joint venture.*

Provided that nothing sub-clause (e) above shall apply in cases where the authority to nominate a director arises exclusively from a lending or financing arrangement.

Provided further that nothing in sub-clause (f) above shall apply to the advice, directions or instructions given in a professional capacity.

Provided further that Government of India/ State Government-owned or controlled entities shall not be treated as related parties to a



government-owned NBFC just by virtue of the fact that the Government has the common ownership or control of such entities.

- 2.3. The Company Secretary shall at all times maintain a database of Suraksha ARC's Related Parties. This database shall be updated from time to time and shall be reviewed at least once a year.
- 2.4. The Policy shall be applicable to all the parties identified as related parties/companies in the group under the above definitions.
- 2.5. This Policy will be communicated to all Directors, KMPs and Members of the Management Committee and other concerned persons of the Company

3. Approval of the Audit Committee:

- 3.1. All Related Party Transactions shall be approved by the Audit Committee according to the provisions of rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014.
- 3.2. The Audit Committee shall be provided with all relevant material information to review and approve a related party transaction.
- 3.3. The Audit Committee may grant omnibus approval for the related party transactions which are repetitive in nature subject to the following conditions:
 - 3.3.1. The Audit Committee shall satisfy itself on the need for omnibus approval and whether such approval is in the interest of the company;
 - 3.3.2. The omnibus approval shall be valid for a period not exceeding 1 (one) financial year and shall require fresh approval after the expiry of such financial year;
 - 3.3.3. The Audit Committee shall, after obtaining approval of the Board, specify the following criteria for making omnibus approval:
 - Maximum value of the transactions in aggregate, which can be allowed under the omnibus route in a year
 - Maximum value per transaction, which can be allowed
 - Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - Review at intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approvals made;
 - Transactions, which cannot be subject to the omnibus approval by the Audit Committee.
 - 3.3.4. The omnibus approval shall contain the following details:
 - Name(s) of the related party(ies).
 - Nature and duration of the transaction.
 - Maximum value of transaction that can be entered into.



- The indicative base price or current contracted price and the formula for variation in the price (if any), and
 - Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.
- 3.3.5. The Audit Committee in its meeting shall review the details of the related party transactions entered into by the company pursuant to each of the omnibus approvals at least on a quarterly basis.
- 3.3.6. When an RPT needs to be entered into between two Audit Committee meetings, owing to certain business exigencies, the Audit Committee may approve such RPT within 3 months by passing a resolution by circulation after satisfying itself, that such transaction was in the interest of the Company.

4. Approval of the Board of Directors and shareholders:

- 4.1. The company shall not enter into any contract or arrangement with its related parties with respect to the matters specified in Section 188 (1) of the Companies Act, 2013, without the following prior approvals:
- Approval of the Board of Directors given by way of a resolution at a meeting of the Board and subject to such conditions as may be prescribed by the Board; and
 - Approval of the shareholders of the company by special resolution in case the contract or arrangement falls within the criteria specified according to Section 188(1) read with the Companies (Meetings of Board and its Powers) Rules, 2014.
- 4.2. Section 188(1) specifies the following transactions:
- Sale, purchase, or supply of any goods or materials;
 - Selling or otherwise disposing of, or buying, property of any kind;
 - Leasing of property of any kind;
 - Availing or rendering of any services;
 - Appointment of any agent for purchase or sale of goods, materials, services, or property;
 - Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
 - Underwriting the subscription of any securities or derivatives thereof of the company.
- 4.3. However, shareholders' approval shall not be required for Material RPTs entered into between the company and its wholly owned subsidiary, whose accounts are consolidated with that of the company and placed before the shareholders at the general meeting for approval.
- 4.4. Above stated approvals are not required in case of transactions entered into by the company in its ordinary course of business other than the transactions, which are not on an arms-length basis.



5. Prohibited Transaction-

The company shall not acquire financial assets from the following on a bilateral basis, whatever may be the consideration:

- (1) a bank/ financial institution which is the sponsor of the company;
- (2) a bank/ financial institution which is either a lender to the company or a subscriber to the fund, if any, raised by the company for its operations;
- (3) an entity in the group to which the company belongs.

Provided that they may participate in the auctions of the financial assets provided such auctions are conducted in a transparent manner, on arm's length basis and the prices are determined by the market forces.

6. Monitoring:

- 6.1. Where the Company enters into a related party transaction without approval of the Audit Committee, the transaction may be ratified/ modified or terminated by the Audit Committee within 3 months of entering such transaction in accordance with the provisions of the Act.
- 6.2. Where the Audit Committee determines not to ratify a related party transaction as above, such transaction shall be voidable at the option of the Audit Committee.

7. Disclosure:

- 7.1. The company shall disclose in its balance sheets -Details of related parties as per the accounting standards and the amounts due to and from them.
- 7.2. According to the provisions of section 188 of the Companies Act, 2013, every contract or arrangement entered into with related party shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
- 7.3. Pursuant to the RBI directions, the company shall disclose details of all material transactions with related parties in the annual report and disclose the policy Related Party Transactions on its website.

8. Review

This policy shall be reviewed by the Board of Directors on atleast an Annual basis.

9. Deviation:

Any deviation from the policy can be made only with the approval of the Board



of Directors.

10. Exception Handling

The policy shall always be updated with extant regulatory provisions. However, in case of conflict between the Policy and regulations, the regulatory provisions shall always supersede the policy.

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DIRECTOR / AUTHORIZED SIGNATURE