Rainbow Investments Limited

Related Party Transaction Policy

1. **Background**

The Reserve Bank of India (RBI), as part of their Master Directions –Reserve Bank of India (Non Banking Financial Company-Scale Based Regulation) Directions, 2023 require the NBFCs to have the policy on dealing with Related Party Transactions (RPT). Accordingly, this policy, known as "RPT Policy" (the Policy) is being put in place with the approval of Board.

2. **Definitions**

Related Party:

Related party with respect to a NBFC shall mean a related person, or any of the following entities:

a) where a related person is a partner, manager, KMP, director or a promoter; or
b) where a related person is a shareholder with more than ten per cent of paid-up equity share capital; or
c) where a related person is having control, whether singly or jointly with another person; or
d) 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
e) where a related person has the power to nominate a director to its Board; or
f) which is accustomed to act on the advice, direction, or instruction of a related person; or
g) where a related person is a guarantor or a surety; or
h) 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
i) 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.

Related Person with respect to a NBFC shall mean a person and the relatives of such person, where the person:

a) is either a promoter, or a director, or a KMP of the NBFC; or

b) owns more than five per cent of paid-up equity share capital of the NBFC or can, either singly or jointly, exercise more than five per cent of the voting rights of the NBFC on account of either ownership or voting agreement or through shareholders' agreement or through any other arrangement; or
c) can, through an agreement with the NBFC, nominate a director to its Board; or
d) is either singly or jointly, in control of the NBFC.

Related party shall also include related parties as defined in Sec 2(76) of Companies Act, 2013 other than related parties already covered above.

The Policy shall have the same definitions as defined in the Guidelines as amended/modified from time to time.

Committee on lending to related parties:
'Committee on lending to related parties' shall mean a committee of the Board of the NBFC entrusted with sanctioning of loans to related parties. NBFCs may also identify any existing Committee, other than the Audit Committee, for this purpose.

The Company has delegated power to Risk Management Committee for lending to related parties.

Related Party Transaction (RPT):
Under this Policy, the RPT would have the same meaning as per section 188 of Act, 2013. i.e. any contract or arrangement with a Related party with respect to:

- 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, itssubsidiary company or associate company; and
- Underwriting the subscription of any securities or derivatives thereof, of the company.
- Lending to related parties.

Turnover:
The gross amount of revenue recognized in the profit and loss account from the sale, supply, or distribution of goods or on account of services rendered, or both, by a company during afinancial year.

Net Worth:

The aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

All words and expressions used herein, unless defined herein, shall have the same meaning as respectively assigned to them under the Companies Act, 2013 and Rules framed thereunder or any other applicable law.

3. **Powers and approval process to undertake RPTs**

No transaction would be entered into with any Related Party, beyond the Single Borrower Limits prescribed by the RBI through Non-Banking Financial Company - Concentration Risk Management Directions, 2025.

The Turnover or Net Worth shall be computed on the basis of the Audited Financial Statementof the preceding financial year.

The approval process as laid out under Section 188 of the Companies Act 2013 and Rule 6A of the Companies (Meetings of Board and is Powers) Rules 2014 will be adhered to.

In the case of a wholly owned subsidiary, the resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between the wholly owned subsidiary and the holding company.

4. **Disclosures related to RPT**

Disclosure of Related party Transactions in accordance with IND-AS -24 will be disclosed in in the notes to financial statement and disclosure in AOC-2 as an annexure to Board's Report whenever required. Disclosure of Related party Transactions should cover the disclosures as required by the RBI directions.

5. **Review**

This policy would be effective from the date of approval by the Board and would be subject to amendments in accordance with Regulations, Rules, Circulars, Notifications, etc. as may beissued by regulatory authorities, from time to time. This Policy should be reviewed and if there are any amendments in the regulatory guideline.