

## Policy on materiality of and dealing with Related Party Transactions

### I) Objective:

Related Party Transactions can present conflicts of interest which may be against the best interest of the company and its shareholders. Provisions of the Companies Act, 2013 ("Act") read with the Rules framed thereunder and Clause 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provide for approval of related parties transactions by Audit Committee/ Board/ Shareholders.

Clause 23 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 further requires a Company to formulate a policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions. Accordingly, Paragon Finance Limited has framed this Policy on Related Party Transactions ("Policy").

The objective of this Policy is to set out:-

- (a) the materiality thresholds for related party transactions and
- (b) the manner of approval of related party transactions pursuant to the provisions of the Act, Clause 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

### II) Definitions:

"Audit Committee" means the audit committee constituted by the Board of Directors of the Company in accordance with applicable law, including the SEBI (Listing Obligations and Disclosure Requirements) Regulations and the Act "Board" means the Board of Directors of Paragon Finance Limited.

"Material Related Party Transaction" means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds ten percent of the consolidated annual turnover of the Company as per the last audited financial statements of the Company.

"Related Party" in relation to the Company means a party related with the Company in any of the ways as are laid down in section 2(76) of the Act, Clause 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or the relevant



## **PARAGON FINANCE LIMITED**

**Registered Office :- "Sikkim House", 4/1, Middleton Street, 4th Floor, Kolkata-700071**

**CIN :- L65921WB1986PLC040980**

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accounting standard, as amended from time to time.

"Related Party Transaction" in relation to the Company means a transaction with a Related Party under the relevant provisions of the Act, the SEBI (LODR) Regulation, 2015 or any relevant accounting standard, as amended from time to time.

Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Act or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Agreement, 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.

### III) Manner of Dealing and Approval

#### a) Approval of Audit Committee:

Subject to exceptions provided under Clause 23 of the SEBI (LODR) Regulation, 2015, all Related Party Transactions shall require prior approval of the Audit Committee. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the conditions specified under Clause 23(3) of the SEBI (LODR) Regulation, 2015.

#### b) Approval of Board:

All transactions specified under Section 188 of the Act shall require approval of the Board of Directors. However, no approval of the Board shall be required for transactions with related parties if such transactions are entered into by the Company in its ordinary course of business and on arm's length basis.

Approval of the Board shall also be required for Related Party Transactions which are intended to be placed before the shareholders for approval and such other transactions as referred to the Board by Audit Committee.



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### **c) Approval of Shareholders:**

Subject to the exceptions provided under Clause 23(4) of the SEBI (LODR) Regulation, 2015, all material Related Party Transactions shall require approval of the shareholders through special resolution. All related parties shall abstain from voting on such resolutions.

Transactions with related parties which are not in the ordinary course of business or at arm's length basis and exceeds the ceiling provided under rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014 (as amended) read with Section 188 of the Act shall require prior approval of shareholders through special resolution.

### **IV) Disclosures**

The Company shall make the necessary disclosures regarding this policy and Related Party Transactions on its website and the annual report, as required pursuant to the Act and the SEBI (LODR) Regulation, 2015.

### **V) Amendment**

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

