



**MONEYWISE FINANCIAL SERVICES
PRIVATE LIMITED**

**POLICY ON RELATED PARTY
TRANSACTIONS**

POLICY ON RELATED PARTY TRANSACTIONS	Date of approval: 04.04.2020	
	Next review: As and when required	Version no. 01.2019-20

1. SCOPE

1.1 Background

Moneywise Financial Services Private Limited (“the Company”) is a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI).

To comply with the “Corporate Governance” requirements prescribed by the Reserve Bank of India (“RBI”) under **Non-Banking Financial Company- Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (“RBI Directions”)**, it is proposed to adopt the Related Party Policy (“**the Policy**”) with approval of the Board.

1.2 Policy Objective

This Policy is intended to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its related parties. This Policy specifically deals with the review and approval mechanism of material related party transactions keeping in mind the potential or actual conflicts of interest that may arise because of such transactions.

1.3 Policy Approval

The Policy therein shall be approved by the Board of Directors, on the recommendation of the Audit Committee.

1.4 Effective Date

This Policy shall be effective from the date as notified after the approval of the Policy by the Board of Directors of the Company.

1.5 Review of Policy

The Policy shall be reviewed as and when required by the applicable rules and regulations and amendments may be made in the Policy by the Board on the recommendation of the Audit Committee of the Board.

2. DEFINITIONS

2.1 “Arm’s length transaction” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

2.2 “Audit Committee or Committee” means a committee of the Board of Directors of the Company constituted under provisions of the RBI Directions and Section 177 of the Companies Act, 2013.

2.3 “Board” means the Board of Directors of the Company as constituted under provisions of the Companies Act, 2013 or any other previous Companies Act.

2.4 “Key Managerial Personnel” means key managerial personnel as defined under the Section 2 (51) of the Companies Act, 2013.

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- 2.5 “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 ten percent of the annual consolidated turnover of the entity as per the last audited financial statements of the entity; transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual consolidated turnover of the entity as per the last audited financial statements of the entity.
- 2.6 “Ordinary course of business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per its Memorandum & Articles of Association. The Board or the Audit Committee may apply their discretion, in accordance with statutory requirements and other industry practices and guidelines, for determining ordinary course of business.
- 2.7 “Relative”** would have same meaning as defined under Section 2(77) of the Companies Act, 2013 read with Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014.
- 2.8 “Related Party”:** Any person or entity shall be considered as related to the Company if:
- Such person or the entity is a related party as defined under Section 2(76) of the Companies Act, 2013 read with Rule 3 of the Companies (Specification of Definitions Details) Rules, 2014 ; or
 - Such person or the entity is a related party as defined under the applicable Accounting Standards; or
 - The entity is a ‘related party’ as defined in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, if the same is applicable.
- 2.9 “Related Party Transaction” (“RPT”)** means any contract/ arrangement/ transaction entered with a Related Party, directly or indirectly, ~~involving any Related Party~~ that involves transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged, including but not limited to 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;
 - related party’s appointment to any office or place of profit in the company, its subsidiary company or associate company; and

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(g) underwriting the subscription of any securities or derivatives thereof, of the company.

(h) Transactions covered under the applicable Accounting Standards.

A “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract;

3. **POLICY STANDARDS**

3.1 **Dealing with Related Party Transaction**

All Related Party Transactions, except the instances where approval is not required as per the Policy, shall require approval of the Audit Committee and the Board of Directors of the Company. However, certain transaction will also require approval of members in their meeting as mentioned in Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014.

3.2 **Identification of Related Party and Potential Related Party Transaction**

For identification of the Related Parties (RPs), the Secretarial Department shall prepare a list of Related Parties on the basis of information received from the Directors/ KMPs or changes in corporate or investment structure, as informed from time to time. The names / details of all RPs identified shall be consolidated as a RP List, which shall be updated on a regular basis by the Secretarial Department. The updated RP List will be shared with the all relevant functions and shall be referred by the Controllership/ Finance Department for monitoring of the transactions and ensuring compliance at their end.

All Directors and Key Managerial Personnel’s (KMPs) shall be responsible for informing the Company of their interest (including interest of their Relatives) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year, immediately on occurrence. Further, Directors and KMPs should disclose to the Board whether they, directly, indirectly, or on behalf of third parties, have material interest in any transaction or matter directly affecting the Company.

In addition, all Directors and KMPs are responsible for giving notice to the Company Secretary and Chief Financial Officer (CFO) of any potential Related Party Transaction involving them or their Relatives.

Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary and CFO (or such other person who may be entrusted for this purpose by the Audit Committee) has adequate time to obtain and review information about the proposed transaction and place the same before the Audit Committee. Thereafter, the Audit Committee shall place the details of such Related Party Transaction(s) to the Board of Directors in their meeting with their recommendation if any.

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The relevant Director/ KMP will also be required to provide any additional information about the transaction that the Board/Audit Committee may reasonably request. The Board/ Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with the Policy.

3.3 Review and Approval of a Related Party Transaction (“RPT”)

3.3.1 Approval of the Audit Committee- Unless otherwise stated in the Policy, all Material Related Party Transactions, other than transactions which are in the ordinary course of business and which are on arm’s length basis, shall require prior approval of the Audit Committee.

However, transactions which are in the ordinary course of business and which are on arm’s length basis should be, as a measure of good governance, placed before the Audit Committee for information.

All RPTs for the period, reported to the Company Secretary and CFO, shall be placed for approval/ noting/ ratification by the Audit Committee, in accordance with this Policy.

Any member of the Audit Committee, who is directly or indirectly interested in any Related Party Transaction, shall not be present at the meeting during discussions on the subject matter of the resolution relating to such Related Party Transactions.

Additionally, other related party transactions prescribed under the Accounting Standard 18 or Indian Accounting Standard 24 (Ind AS), as may be applicable on the Company, shall be presented to the Audit Committee for its review and noting.

3.3.2 Approval of the Board of Directors- All Related Party Transactions that are not in the ordinary course of business or not on arm’s length basis shall be referred to the Board of Directors for their approval after recommendation of Audit Committee.

Any member of the Board who potential is interested directly or indirectly in such Related Party Transaction shall not be present at the meeting during discussions on the subject matter of the resolution relating to such Related Party Transactions.

3.3.3 Approval of the Shareholders by way of Ordinary Resolution - Any such Related Party Transactions shall also be placed for prior approval of shareholders by way Ordinary Resolution, if it exceeds the threshold limits as prescribed under the Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014 or any other regulatory/ statutory requirements as may be applicable on the Company.. Further, no member of the company who is a party to the contract or arrangement shall vote on such resolution, to approve such contract or arrangement which may be entered into by the Company, if such member is a related party.

3.4 Omnibus Approval for Related Party Transactions on Annual Basis

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The Audit Committee may grant omnibus approval to Related Party Transactions after considering the following factors :

- (a) Repetitiveness of the transactions in nature (in past or future); and
- (b) justification for the need of omnibus approval.

Such omnibus approval may be granted to the transactions which, in addition to meeting the above criteria, also satisfy the following considerations:-

- (a) The business interest of the Company;
- (b) Such omnibus approval shall specify-
 - (i) the name of the Related Party(ies),
 - (ii) nature of transaction and period of transaction,
 - (iii) maximum amount of transaction that can be entered into;
 - (iv) the indicative value and the formula for variation in the value, if any *and*
 - (v) such other conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

- (c) Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.
- (d) The Audit Committee shall on quarterly basis review the details of the Related Party Transactions entered into by the Company pursuant to the omnibus approval granted by the Audit Committee earlier.
- (e) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company and/or any other transaction the Audit Committee may deem fit or such other transactions specified under applicable Laws/ Regulations from time to time.

3.5 Guiding Principles for approval of a Related Party Transaction by the Board/ Committee

For review of Related Party Transaction, 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 etc. will be provided to the Board/Audit Committee. In determining whether to approve a Related Party Transaction, the Board/ Audit 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 to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- (b) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;

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- (c) Whether the Related Party Transaction would impair the independence of an otherwise Independent Director or Nominee of a Director;
- (d) Whether the Related Party Transaction would present an improper conflict of interest for any Director, Nominee for Director or KMP of the Company, taking into account the size of the transaction, the overall interest of the Director, Nominee for Director, Executive Officer or other Related Party, the direct or indirect nature of the Director's Nominee, Executive Officer's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

3.6 Related Party Transactions that shall not require approval

The following Related Party Transactions shall not require any separate approval under the Policy:

- (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 associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business;
- (b) Transactions that have been approved by the Board under specific provisions of the Companies Act, 2013;
- (c) Payment of Dividend;
- (d) Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off etc. which are approved by the Board and carried-out in accordance with the specific provisions of the Companies Act, 2013 or the applicable regulations;
- (e) Contribution towards Corporate Social Responsibility (CSR) within the overall limits approved by the Board that require approval of the CSR Committee.

3.7 Disclosures

All Related Party Transactions will be disclosed in Annual Report, Results and other filings made by the Company, to the extent required as per the applicable provisions of the laws and regulations.

Further, as required in the RBI Directions, the Company will disclose the Policy on its website as well as in its Annual Report

3.8 Amendment

The Board reserves the right to amend or modify this policy in whole or in part, at any point of time.

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