



**MONEYWISE FINANCIAL SERVICES
PRIVATE LIMITED**

**POLICY ON RELATED PARTY
TRANSACTIONS**

POLICY ON RELATED PARTY TRANSACTIONS	Date of last approval of RPT Policy: 04.04.2020
	Date of amendment of RPT Policy: 05.11.2022
	Effective Date of Implementation: 05.11.2022
	Version no. RPP.02.2022-23

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”)** & Guidelines issued by Insurance Regulatory and Development Authority of India, in respect of Conflict of Interest and Common Directorship among intermediary or Insurance Intermediary vide Ref No. IRDAI/INT/GDL/MISC/202/9/2022 dated 29.09.2022 (IRDAI Guidelines), “Corporate Governance” requirements prescribed by the Reserve Bank of India (“RBI”) the Board of Directors have adopted the Related Party Transactions Policy (“**the Policy**”).

This Related Party Transaction Policy shall be read along with RBI circular on ‘Loans and Advances-Regulatory Restrictions, NBFCs’ dated 19th April, 2022 and the Company’s Policy on Loan & Advances to Directors and Senior Officers in transactions where loan or advances to any directors is concerned.

1.2 Policy Objective

This Policy is intended to ensure that proper reporting, approval and disclosure of transactions between the Company and its related parties. The Board recognizes that certain transactions with related parties may heighten the risk of conflict of interest; hence it is necessary to regulate such transactions.

The Policy contains the procedures governing identification of related parties, approval and review mechanism at various levels, determination of materiality and reporting of related party transactions.

1.3 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.

1.4 Review of Policy

The Policy shall be reviewed as and when required by the applicable rules and regulations and amendments as may be made in the Policy by the Board on the recommendation of the Audit Committee of the Board. Any amendments in the law, including any clarification/ circulars of relevant regulator, shall be read into this Policy such that the Policy shall automatically reflect the contemporaneous applicable Law at the time of its implementation.

2. DEFINITIONS

**POLICY ON RELATED PARTY
TRANSACTIONS**

Date of last approval of RPT Policy: 04.04.2020

Date of amendment of RPT Policy: 05.11.2022

Effective Date of Implementation: 05.11.2022

Version no. RPP.02.2022-23

- 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”** mean key managerial personnel as defined under the Section 2 (51) of the Companies Act, 2013.
- 2.5 “Material Related Party Transaction”** means transactions exceeding such limits as are prescribed under Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, including any amendments or modification thereon and such other materiality limits as may be prescribed under applicable laws.
- 2.6 “Ordinary course of business”** includes but not limited to mean such transaction that fulfils any or all the criteria:
1. The transaction has been entered in the normal course of business i.e. usual every day transaction for conduct of its business activities
 2. Transaction is normal and incidental to business objectives and is as per standard industry practice.
 3. Transaction is as per customary practice related to business
- These are not exhaustive criteria and the Audit Committee shall have to assess each transaction and determine basis every transaction’s specific nature and circumstances.
- 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:
- (a) 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
 - (b) Such person or the entity is a related party as defined under the applicable Accounting Standards; or
 - (c) The entity is a ‘related party’ as defined in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable.
- 2.9 “Related Party Transaction” (“RPT”)** means any contract/ arrangement/ transaction entered with a Related Party, directly or indirectly, between the Company

POLICY ON RELATED PARTY TRANSACTIONS

Date of last approval of RPT Policy: 04.04.2020

Date of amendment of RPT Policy: 05.11.2022

Effective Date of Implementation: 05.11.2022

Version no. RPP.02.2022-23

and a related party, regardless of whether a price is charged, including but not limited to the following transactions:-

- (a) sale, purchase or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company.
- (h) Transfer of resources, services or obligations between the Company or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on other hand
- (i) Transfer of resources, services or obligations between the Company or any of its subsidiaries on one hand and any person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries [w.e.f. 1st April, 2023]
- (j) Transactions covered under the applicable Accounting Standards.

2.10 "Transaction" A "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract;

2.10. "Group" means as defined under Section 2(g) of IRDAI (Investment) Regulations, 2016.

2.11. "Intermediary or Insurance Intermediary" means as defined under Section 2(f) of the IRDAI Act, 1999.

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. However, certain transaction will also require approval of Board of Directors and shareholders in their meeting as mentioned in applicable laws and regulations.

3.2 Identification of Related Party and Potential Related Party Transaction

For identification of the Related Parties (RPs), the Company 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 Company. The Audit Committee at regular intervals review the list of related parties, so as to ensure there are no inevitable omission.

**POLICY ON RELATED PARTY
TRANSACTIONS**

Date of last approval of RPT Policy: 04.04.2020

Date of amendment of RPT Policy: 05.11.2022

Effective Date of Implementation: 05.11.2022

Version no. RPP.02.2022-23

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.

Every department of the Company which are responsible for frequently entering into transactions on behalf of, and for, the Company are notified and familiarized with the concept of related party transactions ('RPTs') and are restricted from entering into any such transactions without intimating the Company. Further, all such intimations are directed to be given well in advance, so that the Company Secretary has adequate time to obtain and review the information and refer it to Audit Committee for approval.

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.

The Chief Financial Officer of the Company collates the list of all reportable related party transactions from all units and operations for the reporting quarter to be placed before the Audit Committee. The Committee then reviews the transaction to ensure elimination of any conflict of interest in dealings of the Company.

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

3.3.1 Approval of the Audit Committee-

a) Transactions which require prior approval

All transactions which are identified as related party transactions and transactions which are not of repetitive nature, including any subsequent material modification is required to obtain prior approval of audit committee before execution. The committee shall consider all relevant factors while evaluating a transaction for approval. In determining whether or not to approve any related party transaction, the Audit Committee shall consider all factors it deems necessary, including the fact that the terms of the transaction with the related party should not be less favourable than terms generally available to an unrelated third party under same or similar circumstances. Upon evaluation of parameters, the Audit Committee may grant approval for the transaction and recommend the same to the Board of Directors for approval. The approval of Board of Directors shall be required for all such

**POLICY ON RELATED PARTY
TRANSACTIONS**

Date of last approval of RPT Policy: 04.04.2020

Date of amendment of RPT Policy: 05.11.2022

Effective Date of Implementation: 05.11.2022

Version no. RPP.02.2022-23

transactions which the Audit Committee determines to be not in ordinary course of business or on arm's length basis. In furtherance to the above, if any transaction exceeds the thresholds of materiality as is prescribed in the law including any subsequent material modifications as defined by the Audit Committee, shall require prior approval of the shareholders of the Company.

While approving related party transaction, any member of the Audit Committee who has or may have any potential interest in the transaction shall abstain himself/herself from the discussion and voting process on the said transaction. For any transaction, if the Audit Committee resolves to not approve any transaction it shall make recommendations to the Board.

In this regard, a transaction between holding and wholly owned subsidiary and transactions between two wholly owned subsidiaries, though not required to be specifically approved by Audit Committee, may be periodically reviewed and noted by committee.

b) Transactions for which omnibus approval can be granted

The Audit Committee may grant omnibus approval for related party transactions if the same fulfils the criteria developed by the committee for granting omnibus approval and as approved by the Board of Directors of the Company. Some of the factors which shall be considered by the committee for granting omnibus approval shall be as follows:

- The transactions are repetitive in nature;
- The approval shall be in best interest of the Company;
- The transactions are in ordinary course of business and on arm's length basis
- The approval tenure for such transaction is only one year
- The committee is satisfied with the need of having an omnibus approval for such transactions

The Committee shall on quarterly basis review the details of related party transactions entered into by the Company pursuant to the omnibus approval. Herein, the limit of granting omnibus approval for foreseen and unforeseen transaction is different. In case where the committee is granting omnibus approval for foreseen transactions, the approval shall be granted for the exact expected amount of transaction without any limit. However, where the committee is granting approval for unforeseen transactions, the approval amount of transaction should not exceed Rs. 1 crore per transaction. In this regard, the committee shall not grant omnibus approval for any transaction relating to selling or disposing of any undertaking of the Company.

c) Transactions which are subject to ratification

All the related party transactions should either be prior approved or should have been approved/reviewed under the omnibus approval granted by the Audit Committee. However, if any related party transaction is entered by any personnel of

**POLICY ON RELATED PARTY
TRANSACTIONS**

Date of last approval of RPT Policy: 04.04.2020

Date of amendment of RPT Policy: 05.11.2022

Effective Date of Implementation: 05.11.2022

Version no. RPP.02.2022-23

the Company unintentionally without bringing the same to the notice of Audit Committee or obtaining approval was not feasible, the same shall be ratified by the Committee in accordance with the provisions of law.

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. If the Audit Committee determines that a related party transaction is material and should be brought before the Board, the same shall be required to be reviewed and approved by the Board.

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.

Further, where the Board determines that the transaction exceeds the limits of materiality prescribed in the law, the same shall be recommended to the shareholders of the Company for their approval.

3.3.3 Approval of the Shareholders

All material related party transactions and subsequent material modifications shall require prior approval of the shareholders of the Company by way of an ordinary resolution and all related parties, whether or not related to the transaction, shall not vote to approve such transactions. The requirement of seeking shareholders' approval shall not be applicable to transactions between the Company and its wholly owned subsidiary (ies) and transactions between two wholly owned subsidiaries whose accounts are consolidated with the Company and are placed before shareholders for approval.

In case where any related party transaction is entered by any personnel of the Company unintentionally without bringing the same to the notice of Audit Committee or the Board of Directors, the same should be ratified by the Audit Committee and the Board of Directors or as the case may be, by the shareholders of the Company, within such time, as prescribed by law. If the transactions are not ratified by the appropriate authority, such transaction/contract/arrangement shall be voidable at the option of the Board or shareholders. If the Audit Committee determines not to ratify a Related Party Transactions that been entered into without approval, then the Audit Committee, as felt appropriate, may direct additional actions including, but not limited to discontinuation of the transactions or seeking approval of the shareholders, payment of compensation for the loss suffered by the related party etc.

3.4 Determination of Ordinary Course of Business and Arm's Length Basis

The Audit Committee and the Board of Directors shall consider relevant details of proposed transaction to ascertain the arm's length nature of contracts/arrangements and whether a transaction can be called as to be in ordinary course of business of the Company or not. The term "arm length basis" has been defined under section 188 of

POLICY ON RELATED PARTY TRANSACTIONS

Date of last approval of RPT Policy: 04.04.2020

Date of amendment of RPT Policy: 05.11.2022

Effective Date of Implementation: 05.11.2022

Version no. RPP.02.2022-23

the Act, however, the term ordinary course of business has not been defined anywhere in law. Accordingly, the committee or Board of Directors may have to rely on industry practice, representation made by counter party, or confirmation by the Chief Financial Officer of the Company or through a certificate from internal auditor or by availing any professional advise/opinion for determination of arm's length basis and ordinary nature of any transaction.

For the purpose of determination of arm's length nature of contracts/arrangements, the committee shall not limit itself to the transaction value only but shall also review other terms and conditions of a transaction which may include discounts/premiums/credit period/interest/default terms and/or such similar terms. This shall also include comparison of the proposed transaction with similar transactions of the Company with unrelated parties.

For determination of ordinary course of business, the Audit Committee shall analyse the exceptionality of the transaction i.e. the frequency and course of transaction. A transaction shall be regarded as ordinary course only when the transaction is undertaken in order to conduct the routine or usual transactions of a Company.

Notwithstanding any mentioned above, in each case, the decision on whether a particular transaction is on arm's length basis or not or/and in ordinary course of business, shall be of the Audit Committee and Board of Directors of the Company.

3.5 Related Party Transactions that shall not require approval

The following Transactions shall not require 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) Issuance of securities by way of rights issue or a bonus issue
- (e) Sub-division or consolidation of securities
- (f) Issuance of specified securities on a preferential basis subject to compliance of requirements of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018
- (g) 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;
- (h) Contribution towards Corporate Social Responsibility (CSR) within the overall limits approved by the Board that require approval of the CSR Committee.

POLICY ON RELATED PARTY TRANSACTIONS	Date of last approval of RPT Policy: 04.04.2020
	Date of amendment of RPT Policy: 05.11.2022
	Effective Date of Implementation: 05.11.2022
	Version no. RPP.02.2022-23

3.6 Compliance under IRDAI Regulations

In accordance with the Guidelines issued by Insurance Regulatory and Development Authority of India (IRDAI) in respect of Conflict of Interest and Common Directorship among intermediary or Insurance Intermediary, the Company being an intermediary as defined under section 2(F) of the IRDAI Act, 1999 shall comply with following if common directors are appointed in compliance with section 165 of the Companies Act, 2013 amongst intermediary or insurance intermediary under same group or different groups:

- (i) All related party transactions among the intermediary shall comply with the provisions of Section 188 of Companies Act, 2013 and applicable Accounting Standards
- (ii) The Statutory Auditor of the intermediary shall certify the compliance of the requirement under section 188 of the Companies Act, 2013 to IRDAI as at the end of the financial year, by September 30th of the subsequent financial year.
- (iii) The intermediary shall file a communication with IRDAI, on the appointment of common director within 30 days of such appointment.
- (iv) The compensation will be paid to the common director(s) in accordance with the provisions of Companies Act, 2013.
- (v) The common Director(s) shall abstain from discussion and voting in a situation where contracts or arrangements between intermediaries who are related, are proposed.
- (vi) The intermediary which is appointing the common director shall also inform the other intermediary or insurance intermediary wherever this director is already on their board, for the purpose of compliance with these guidelines.
- (vii) An undertaking to IRDAI, along with a copy of Board Approved Policy to deal with related party transactions, shall be submitted by the intermediary where the common director is appointed on the board.

In this regard, the Common Director (if any appointed) shall ensure following in accordance with the aforementioned Guidelines:

- (i) The common director(s) shall comply with the requirement under Section 184 of the Companies Act, 2013 and the disclosure shall be placed before the Board and also recorded in the Register of Director(s).
- (ii) No common director(s) of an intermediary or insurance intermediary shall hold the position of KMP/CEO/Principal Officer/Whole-time Director with another intermediary or insurance intermediary other than a non- Executive Director.

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.

**POLICY ON RELATED PARTY
TRANSACTIONS**

Date of last approval of RPT Policy: 04.04.2020

Date of amendment of RPT Policy: 05.11.2022

Effective Date of Implementation: 05.11.2022

Version no. RPP.02.2022-23

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

The Company shall obtain a certificate of the compliance for the requirement under Section 188 of the Companies Act, 2013 from its Statutory Auditors and submit the same to IRDAI at the end of the financial year, by 30th day of September of the subsequent year.

The Company shall intimate the IRDAI for the appointment of common Director, if any, within 30 days of such appointment.

The Company shall ensure that common Director(s) shall also comply with the requirement of Section 184 of the Companies Act, 2013 and disclose their concern or interest as per the requirements of the aforementioned section and the same shall be placed before the Board and recorded in the Register of Directors.

3.8 Amendment

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

---XXX---