



## Related Party Transaction Policy

### Spaisa Capital Limited

#### I. Objective:

To ensure that all transactions with the related parties are properly identified, reviewed and approved pursuant to the applicable law. This policy applies to any transaction where the Company is a participant, and the Related Party has or will have a direct or indirect material interest in the transaction. This Policy may be amended at any time and is subject to further guidance from the Audit Committee/Board of Directors.

#### II. Guiding Act/Regulations/Rules

- a) The Companies Act, 2013 and rules made there under
- b) Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time
- c) Accounting Standard – 18 or such other standards as may be amended from time to time.

#### III. Definitions:

- (i) **“Audit Committee”** or **“Committee”** means Committee of the Board of Directors of the Company constituted under the provisions of the Listing agreement and / or the Companies Act, 2013.
- (ii) **“Board”** means the Board of Directors of the Company.
- (iii) **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- (iv) **“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013
- (v) **“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 company as per the last audited financial statements of the company.

Provided 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, exceed two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity



- (vi) “Policy” means the Policy on Related Party Transactions
- (vii) “Related Party” and ‘Relative’ has the same meaning as described in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013, which is defined as follows:

Pursuant to Section 2(76) of the Companies Act, 2013 a “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 is a member or director;
- (v) a public company in which a director or manager is a director or 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 company which is—

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

(ix) such other person as may be prescribed;

As per Rule 3 of the Companies (Specification of definitions details) Rules, 2014,

“Related party” - For the purposes of sub-clause (ix) of clause (76) of section 2 of the Act, a director other than an independent director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.



**(viii) Related Party Transactions (RPT)**

- a. As per regulation 2(zc) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, related party transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged. A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.
- b. As per Section 188 of Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, the following transactions will be considered as “Related Party Transactions;
  - i. sale, purchase or supply of any goods or materials;
  - ii. selling or otherwise disposing of, or buying, property of any kind;
  - iii. leasing of property of any kind;
  - iv. availing or rendering of any services;
  - v. appointment of any agent for purchase or sale of goods, materials, services or property;
  - vi. such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
  - vii. underwriting the subscription of any securities or derivatives thereof, of the company;

**IV. COMPLIANCES/APPROVALS/PROCESSES WITH RESPECT TO RELATED PARTY TRANSACTIONS**

In compliance and as provided in Section 188 of the Companies Act, 2013 and the Listing agreement, the following process is put in place:

**A. Approval of the Board/ Audit Committee:**

**(i) Listed Companies (5paisa Capital Limited ):**

- a. All proposed related party transactions / arrangements or any modifications thereof, with the details of related party, nature of transaction, reason for undertaking the transaction, confirmation on arm's length & in the ordinary course of business, duration of the transaction will be placed before the Audit Committee for prior approval.

All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- i. The Audit Committee lays down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- ii. while granting omnibus approval, the Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;



- iii. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) 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.

- iv. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
  - a. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
  - b. Related Party Transactions as defined under Section 188 of Companies Act, 2013 which are not in ordinary course of business and/or not on arm's length basis or any subsequent modification thereto, will be placed before the Board for its approval.

**B. Approval of Shareholders:**

- a. Material Related Party Transactions will be placed before the shareholders for its approval through a Ordinary resolution;
- b. The following transactions will also be placed before the shareholders for its approval through special resolution;
  - i. sale, purchase or supply of any goods or materials directly or through appointment of agents exceeding ten percent of the annual turnover or Rs. 100 crore, whichever is lower
  - ii. selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents exceeding ten percent of net worth or Rs.100 crore, whichever is lower



- iii. leasing of property of any kind exceeding ten percent of the net worth or exceeding ten percent of turnover or Rs. 100 crore, whichever is lower.
- iv. availing or rendering of any services directly or through appointment of agents exceeding ten percent of annual turnover or Rs. 50 crore, whichever is lower.
- v. appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees.
- vi. remuneration for underwriting the subscription of any securities or derivatives thereof of the company exceeding one percent of the net worth.

#### **C. MATERIALITY THRESHOLDS**

Regulation 23 of the SEBI Listing Regulations requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not. The Company has fixed its materiality threshold at 10% and for the brand usage or royalty at 2% of the annual consolidated turnover of the company as per last audited financial statements of the company for the purpose of Regulation 23(4) of the SEBI Listing Regulations.

#### **D. Review of RPTs by Audit Committee:**

Review of transactions with related parties pursuant to Accounting Standard – 18 or such standards as may be approved by ICAI, on quarterly basis.

#### **E. Disclosure:**

- i. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- ii. The company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

#### **V. RELATED PARTY TRANSACTION**

For the purpose of meeting business requirements, entities under 5paise Group or inter-se and IIFL group (As per AS-18), enter into various transactions, contracts and arrangements.

The nature of transactions and the approval/reporting process for all such transactions are as follows:



Transaction	Whether in ordinary course of business*	Whether on arms length basis*	Approval for Listed Companies (Holding Company)	Approval (Other companies)
Lease arrangements/infrastructure sharing	Yes	Yes	Approval of Audit Committee	Approval of Audit Committee
Sub lease	No (except for IIFL Facilities)	No	Approval of Audit Committee	Approval of the Board and Audit Committee
Loan including ICDs, CPs, guarantees and investments	Yes	Yes	Approval of Audit Committee	Approval of Audit Committee
Service charges (brokerage/DP,etc)	Yes	Yes	Approval of Audit Committee	Approval of Audit Committee
Any other transaction	Yes	Yes	Approval of Audit Committee	Approval of Audit Committee

*\* if "No" under any of the conditions as mentioned in \*, then Board approval will be obtained for such transactions.*

#### **VI. CRITERIA/DOCUMENTS/PROCESS FOR ALL TRANSACTIONS WITH RELATED PARTIES:**

- a) For all the transactions, due documentation by way of contract/agreement/ bills/invoices/ should be in place.
- b) All the related party transactions shall be subject to the applicability, limits, enablement and other conditions as prescribed under the applicable Acts, Rules, Regulations and circulars and guidelines of Regulatory authorities including RBI, SEBI, MCA, Income Tax, etc.
- c) In case of infrastructure and common sharing arrangement, the terms of arrangement including the nature and quality of services, consideration and other terms and conditions shall be as comparable with the terms if availed from the market/third parties.
- d) In case of purchase/sale of fixed assets or other assets, the same shall be at market prices or per the valuer certificate.
- e) Related Party Transaction shall be approved after assessing all material terms and conditions of the transaction and ensure that the terms are comparable with the market rates/practices at the particular point of time and on arm's length basis. The following information will be taken into account when assessing a Related Party Transaction:
  - a. The terms of such transaction;
  - b. The Related Person's interest in the transaction;



- c. The purpose and timing of the transaction;
  - d. the nature of the Company's participation in the transaction;
  - e. If the transaction involves the sale of an asset, a description of the asset, including date acquired and costs basis;
  - f. Information concerning potential counterparties in the transaction;
  - g. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction and
  - h. Any other relevant information regarding the transaction.
- f) Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a special resolution in the general meeting, should be ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into. If the said ratification is not done such contract or arrangement shall be voidable at the option of the Board;

Any other regulatory changes in this regard will stand updated in the policy from time to time.



**List of Group entities:**

Sr. No.	Name of the Group Company
1.	IIFL Holdings Limited
2.	IIFL Securities Limited
3.	India Infoline Finance Limited
4.	IIFL Home Finance Limited
5.	IIFL Wealth Finance Limited
6.	IIFL Wealth Management Limited
7.	IIFL Facilities Services Limited
8.	Samasta Microfinance Limited
9.	IIFL Insurance Services Limited
10.	IIFL Management Services Limited
11.	India Infoline Media & Research Services Limited
12.	IIFL Commodities Limited
13.	IIFL Trustee Limited
14.	IIFL Asset Management Limited
15.	IIFL Alternate Asset Advisors Limited
16.	IIFL Distribution Services Limited
17.	IIFL Investment Adviser and Trustee Services Ltd
18.	IIFL Private Wealth Hong Kong Limited
19.	IIFL Private Wealth Management (Dubai) Limited
20.	IIFL Inc
21.	IIFL Wealth (UK) Limited
22.	IIFL Private Wealth (Suisse) SA
23.	IIFL Capital Inc.
24.	IIFL Asset Management (Mauritius) Limited
25.	IIFL (Asia) Pte. Limited
26.	IIFL Capital Pte. Limited
27.	IIFL Securities Pte. Limited
28.	IIFL Asset Reconstruction Limited
29.	IIFL Wealth Securities IFSC Limited
30.	IIFL Securities Services IFSC Limited
31.	IIFL Capital (Canada) Limited
32.	Clara Developers Private Limited
33.	Altiore Advisors Private Limited
34.	Wealth Advsiors (India) Private Limited
35.	India Infoline Foundation





**Format for approval**

Sr.	Nature and purpose of Transaction	Name of the party with whom transaction is to be entered	Nature of interest	Terms of transaction(s) along with supporting documents, if any	Amount involved