



RELATED PARTY TRANSACTIONS POLICY

RPT Policy Adopted on	May 02, 2017
Approving Authority	Audit Committee and the Board of Directors of 5Paise Capital Limited
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Version	2.1



5PAISA CAPITAL LIMITED AND ITS SUBSIDIARIES

I. Objective:

To ensure that all transactions with the related parties are properly identified, reviewed and approved pursuant to the Applicable Laws (as defined below). The policy on Related Party Transactions (hereinafter referred to as “**Policy**”) applies to any Related Party Transaction(s) (as defined below) of 5Paise Capital Limited (hereinafter referred to as the “**Company**”) and / or its subsidiary(ies) and any modifications thereof. Thus the policy shall cover all related party transactions where the Company and/or any of its subsidiary is / are 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 read with the circulars and notifications issued thereunder (with amendments or enactments thereof) from time to time (hereinafter referred to as “Companies Act, 2013”);
- b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the circulars and notifications issued thereunder (with amendments or enactments thereof) from time to time (hereinafter referred to as “SEBI LODR”); and
- c) Ind AS – 24 (with amendments or enactments thereof) and
- d) The applicable provisions of the Companies Act, 2013 and SEBI LODR are hereinafter collectively referred to as the “RPT Provisions” and the applicable provisions of the RPT Provisions, accounting standards and all other laws, rules, regulations, circulars, notifications etc. are hereinafter collectively referred to as the “Applicable Laws”.

Definitions:

- (i) “**Arm’s Length Transaction (‘ALP’)**” means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest between them.
- (ii) “**Audit Committee**” or “**Committee**” means Committee of the Board of Directors of the Company constituted under the provisions of the SEBI (Listing Obligations and Disclosure Requirements), 2015 and / or the Companies Act, 2013.
- (iii) “**Board**” means the Board of Directors of the Company.
- (iv) “**Company**” means 5paise Capital Limited and / or its subsidiary (ies)
- (v) “**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

- (vi) **“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013.
- (vii) **“Material Modification(s)”** means Modification to a Related Party Transaction (as defined below) which shall be considered as ‘material’ as per **Clause III(D)** of the Policy.
- (viii) **“Material Related Party Transaction”** means a related party transaction as defined under SEBI LODR i.e. w.e.f. 1st April 2022, a transaction with a related party shall be considered as “material”, if the transaction(s) to be entered with a related party individually or taken together with previous transactions during a financial year, exceeds Rupees one thousand crore or ten per cent of the annual consolidated turnover of the company as per the last audited financial statements of the company, whichever is lower and (b) a transaction with a related party w.r.t. 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 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- (ix) **“Modification”** means a modification of any kind to a Related Party Transaction.
- (x) **“Policy”** means the Policy on Related Party Transactions.
- (xi) **“Related Party (ies)”** shall have the same meaning as defined in SEBI LODR and the Companies Act, 2013, as applicable.
- (xii) **“Relative”** shall have the same meaning as defined in Companies Act, 2013 and the RPT provisions applicable thereto.
- (xiii) **“Related Party Transactions”** or **“RPT”** means any transactions as given under Section 188 of the Companies Act, 2013 including Rules thereof and as defined in Regulation 2(1)(zc) of the Listing Regulations and thereby includes any transaction, contract, arrangement of 5paise Capital Limited and / or its subsidiary (ies) with Related Parties as defined above.

All terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Companies Act, 2013 and / or SEBI LODR, as applicable. In case of any conflict between the applicable meanings assigned to such term under the Companies Act, 2013 and SEBI LODR, the term shall be interpreted in such manner that ensures compliance with both Companies Act, 2013 and SEBI LODR and applicable laws.



III. COMPLIANCES/APPROVALS/PROCESSES WITH RESPECT TO RELATED PARTY TRANSACTIONS

In compliance and as provided in Section 177, 188 and other applicable provisions of the Companies Act, 2013 and the SEBI LODR, the following process is put in place:

A. Approval of the Audit Committee:

- a. All proposed related party transactions / arrangements or any subsequent 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 first placed before the Audit Committee for prior approval.

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 (a) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (b) the indicative base price / current contracted price and the formula for variation in the price if any and (c) such other conditions as the Audit Committee may deem fit;
 - 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.
 - v. 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 Transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company;

However, prior approval of the audit committee of the Company shall not be required for a Related Party Transaction to the subsidiary of the Company if the subsidiary is itself a listed Company, to which the provisions of Regulation 23, 15(2) and other specified provisions of SEBI LODR are applicable.

However Related Party Transaction of unlisted subsidiary of a listed subsidiary, prior approval of the Audit Committee of the listed subsidiary shall suffice.

- c. All subsequent Material Modification(s) to Related Party Transaction(s) to which the subsidiary of the Company is a party but the Company is not a party, shall be placed before the Audit

Committee of the Company for prior approval, unless such transaction is specifically 'exempt' under SEBI LODR.



B. Approval of the Board of Directors:

Related Party Transactions as defined under Section 188 of Companies Act, 2013 or any material modification thereto, will be placed before the Board for its approval. The proposal seeking approval of the Board, with details and disclosures about the proposed Related Party Transactions specified under RPT Provisions, may be placed before the Board and the Board may grant its approval as per the RPT Provisions and with such other conditions as it may consider necessary in line with the Policy and in the interest of the Company.

C. Approval of Shareholders:

- a. In case of all Companies, any Related Party Transaction exceeding the thresholds prescribed under the Companies Act, 2013, unless 'exempt' thereunder, shall be placed before the shareholders of the respective company for their prior approval through resolution as per the Companies Act, 2013.
- b. All Material Related Party Transactions and any subsequent material modifications as per Clause IV(D)(b) of the policy shall require prior approval of the shareholders through an ordinary resolution as prescribed by SEBI LODR except for the cases as exempt thereunder;
- c. Further, all Material Related Party Transactions and any subsequent material modifications, to which the subsidiary of the Company is a party but the Company is not a party, unless such transaction is exempt under SEBI LODR shall require prior approval of the shareholders through an ordinary resolution;

Provided that if such subsidiary of the Company is itself a Company to which the provisions of Regulation 23, 15(2) and other specified provisions of SEBI LODR are applicable, then such Material Related Party Transaction(s) and subsequent Material Modification(s) need not be placed before the shareholders of the Company and the prior approval of shareholders of such Listed Subsidiary shall suffice.

D. Subsequent Material Modification(s):

- a. Any subsequent Modification in the price, fees, rent, commission or consideration by whatever name called (hereinafter referred to as "Price"), shall be considered a 'material' Modification if it exceeds by 10% (ten percent) of the Price approved by the Audit Committee / Board / Shareholders, as the case may be, in respect of a Related Party Transaction in the nature of:
 1. Sale, purchase or supply of any goods or materials;
 2. Selling or otherwise disposing of, or buying, property of any kind;
 3. Leasing of property of any kind;
 4. Availing or rendering of any services;
 5. Appointment of any agent for purchase or sale of goods, materials, services or property;
 6. Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
 7. Underwriting the subscription of any securities or derivatives thereof, of the company.

- b. Any subsequent modification in the principal amount or interest rate, shall be considered a 'material' modification if it exceeds by 10% (ten percent) of the principal or interest rate approved by the Audit Committee / Board / Shareholders, as the case may be, in respect of a Related Party Transaction in the nature of giving or availing of loan.
- c. Any subsequent modification in the guarantee amount or guarantee commission, shall be considered a 'material' modification if it exceeds by 10% (ten percent) of the guarantee amount or guarantee commission approved by the Audit Committee / Board / Shareholders, as the case may be, in respect of a Related Party Transaction in the nature of giving or availing of corporate guarantees.
- d. Any subsequent Modification in the investment amount (whether by way of subscription, purchase, exchange or otherwise) or disinvestment amount (whether by way of redemption, sale, exchange, buy-back or otherwise) shall be considered a 'material' Modification if it exceeds by 10% (ten percent) of the investment or disinvestment amount approved by the Audit Committee / Board / Shareholders, as the case may be, in respect of a Related Party Transaction in the nature of investment or disinvestment in shares, debentures, units or any other kind of securities.
- e. A subsequent Modification in any other type Related Party Transaction shall be considered a 'material' as per the criteria approved by the Audit Committee / Board / Shareholders, as the case may be, while approving such Related Party Transaction.

E. Review of RPTs by Audit Committee:

Review of transactions with related parties pursuant to Ind AS – 24, on quarterly basis.

F. 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.

In terms of General Circular No. 30/2014 dated July 17, 2014 issued by MCA, all existing contracts approved pursuant to Section 297 of the Companies Act, 1956 will not require fresh approval under the said Section 188 till the expiry of the original term of such contracts.

IV. RELATED PARTY TRANSACTION

For the purpose of meeting business requirements, entities under IIFL group (As per Ind AS – 24), inter-se, 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 ordinary course of business*	Whether in 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	Yes	Yes	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.*

V. 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;

VI. AMENDMENTS TO THE POLICY:

The Board shall review and amend this Policy annually or as and when required and as per RPT Provisions.

Any subsequent amendment / modification in the Applicable Laws in this regard, shall automatically apply to this Policy and the Policy shall stand amended to that extent.

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