



IIFL House, Sun Infotech Park, Road No 16V, B-23, MIDC, Thane Industrial Area, Wagle, Estate,
Thane – 400604, Maharashtra, India

RELATED PARTY TRANSACTIONS POLICY

Version 2.2

January 2025

| | | | |
|----------------------|--|-----------------------|---------------------|
| Document Name | Related Party Transactions Policy | | |
| Version | 2.2 | Effective Date | May 02, 2017 |
| Approved by | Board of Directors | Approved Date | May 02, 2017 |
| Last Modified | January 17, 2025 | Classification | - |



IIFL House, Sun Infotech Park, Road No 16V, B-23, MIDC, Thane Industrial Area, Wagle, Estate,
Thane – 400604, Maharashtra, India

RELATED PARTY TRANSACTIONS POLICY

1. Objective:

To ensure that all transactions with the related parties are properly identified, reviewed and approved in accordance with the applicable laws and regulations, the policy on Related Party Transactions (hereinafter referred to as “**Policy**”) applies to all Related Party Transactions of 5paisa Capital Limited (hereinafter referred to as the “**Company**”) and/or its subsidiary(ies), including any modifications or amendments thereof.

Accordingly, this policy covers 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 from time to time and is subject to further guidance and approval of the Audit Committee and / or Board of Directors.

2. Governing Act / Regulations / Rules:

- a) The Companies Act, 2013, and the rules made thereunder, read with the circulars and notifications issued from time to time, including any amendments or re-enactments thereof (hereinafter referred to as the “**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 and notifications are hereinafter collectively referred to as the “**Applicable Laws**”.

3. Definitions:

- (i) “**Arm’s Length Transaction (ALP)**” means transactions in which two or more unrelated and unaffiliated parties agree to do business, acting independently and in their self-interest.
- (ii) “**Audit Committee**” or “**Committee**” means Committee of the Board of Directors of the Company constituted from time to time under the provisions of the SEBI (Listing Obligations and Disclosure Requirements), 2015 and/or the Companies Act, 2013.
- (iii) “**Board of Directors**” or “**Board**”, in relation to a company, means the collective body of the directors of the company.



IIFL House, Sun Infotech Park, Road No 16V, B-23, MIDC, Thane Industrial Area, Wagle, Estate,
Thane – 400604, Maharashtra, India

- (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 which shall be considered as “Material” as per **Clause 4 (D)** of the Policy.
- (viii) **“Material Related Party Transaction”** means a transaction with a related party, if the transaction(s) to be entered into 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.

Provided that 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 five percent 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) **“Ordinary Course of Business”**
The criteria of being “ordinary” or “normal” or “in the ordinary course of business”, is met when both of the two selective criteria are satisfied namely;
 - a. the transaction must be predominantly ascribed to business objectives or operational activities or alternatively, related to financial activities; and
 - b. the same transaction must also fall under the purview of the ordinary exercise of operational activities or related financial activities.

Explanation: The transactions which are usual transactions material to the business, involving the customized/customary practices of the business with no exceptional items. The same may be determined, *inter-alia*, considering the following measurable criteria:

- (i) Accounting for sizeable portion of revenue/turnover
- (ii) Periodicity – usual – not one off
- (iii) Providing bulk of receipts



IIFL House, Sun Infotech Park, Road No 16V, B-23, MIDC, Thane Industrial Area, Wagle, Estate,
Thane – 400604, Maharashtra, India

- (xi) **“Policy”** means the Policy on Related Party Transactions.
- (xii) **“Related Party”** shall have the same meaning as defined under Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which is defined as follows:

Definition under the Companies Act, 2013:

Pursuant to Section 2(76) of the Companies Act, 2013 a “Related Party”, with reference to a company, includes:

- (i) A Director or his relative;
- (ii) A Key Managerial Personnel (KMP) 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 or his relative is a member or director;
- (v) A public company in which a director or manager is a director or and 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 body corporate which is:
 - (a) a holding, subsidiary or an associate company of such company;
 - (b) a subsidiary of a holding company to which it is also a subsidiary; or
 - (c) an investing company or the venturer of a company;



IIFL House, Sun Infotech Park, Road No 16V, B-23, MIDC, Thane Industrial Area, Wagle, Estate,
Thane – 400604, Maharashtra, India

Explanation: For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

- (ix) Such other person as may be prescribed.

Addition Definition under 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 (KMP) of the holding company or their relative with reference to a company, shall be deemed to be a related party.

Definition under to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

As per Regulation 2(1)(zb) of SEBI (LODR), 2015, **“Related Party”** means 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 in addition to the above, the following shall also be deemed as **Related Parties**:

(a) Any person or entity forming a part of the Promoter or Promoter Group of the listed entity;
or

(b) any person or any entity, holding equity shares:

(i) of twenty per cent or more; or

(ii) of ten per cent or more, with effect from April 1, 2023;

In the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s);

- (xiii) **“Relative”** shall have the same meaning as defined in the Companies Act, 2013, Listing Regulations and the RPT provisions applicable thereto.

- (xiv) **“Related Party Transactions”** or **“RPT”** refers to any transaction, contract or arrangement as specified under Section 188 of the Companies Act, 2013, including the rules made thereunder, and as defined in Regulation 2(1)(zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”). This includes any transaction, contract, or arrangement involving 5paisa Capital Limited and/or its subsidiary(ies) with Related Parties,



IIFL House, Sun Infotech Park, Road No 16V, B-23, MIDC, Thane Industrial Area, Wagle, Estate,
Thane – 400604, Maharashtra, India

as defined in this Policy.

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

4. Compliances / Approvals / Processes with respect to Related Party Transactions:

In compliance with and as provided in Section 177, 188 of the Companies Act, 2013 and other applicable provisions of the SEBI LODR, the following process has been established for approval and monitoring of Related Party Transactions (RPTs):

A. Audit Committee Approval for Related Party Transactions:

All proposed Related Party Transactions/Arrangements, including any subsequent modifications thereof, shall first be placed before the Audit Committee for prior approval. The details submitted for approval shall include:

- The related party involved
- The nature and purpose of the transaction
- The rationale for undertaking the transaction
- Confirmation of the transaction being conducted at arm's length and in the ordinary course of business
- The duration of the transaction

However, the Audit Committee may grant **omnibus approval** for related party transactions subject to the following conditions:

- i. The Audit Committee shall establish criteria for granting omnibus approval in line with the Company's Related Party Transactions Policy, applicable to transactions that are repetitive in nature.
- ii. Before granting omnibus approval, the Audit Committee shall satisfy itself of the necessity for such approval and ensure that it is in the best interest of the company;
- iii. The Transactions shall be in the ordinary/normal course of business and at arm's length as defined in the said policy.
- iv. The maximum value of the transaction, in aggregate, in a financial year shall not exceed such. limit as may be decided by the Audit Committee from time to time.
- v. The omnibus approval shall specify:
 - a) The name(s) of the related party, nature of the transaction, transaction period, and the



IIFL House, Sun Infotech Park, Road No 16V, B-23, MIDC, Thane Industrial Area, Wagle, Estate,
Thane – 400604, Maharashtra, India

- maximum transaction amount that can be entered into.
- b) The indicative base price/current contracted price and any formula for price variation, if applicable.
 - c) Any other conditions deemed necessary by the Audit Committee.
- vi. The Audit Committee shall also determine the criteria for granting omnibus approval to the Subsidiaries and may set limits for omnibus approvals to proposed Related Party Transaction of the Subsidiary. Further, the Company shall also review the RPT of subsidiaries on quarterly basis the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
- vii. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the company pursuant to each omnibus approval granted including the limits to ensure that they are in compliance with this Policy.
- viii. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approval upon expiration.

Approval for Related Party Transactions involving Subsidiaries:

If a Related Party Transaction (RPT) involves a subsidiary of the Company, but the Company itself is not a party to the transaction, prior approval of the Audit Committee of the Company shall be required if the value of such transaction, whether entered into individually or collectively with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover as per the last audited financial statements of the Company.

With effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity 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 standalone turnover, as per the last audited financial statements of the subsidiary;

However, prior approval of the Audit Committee of the Company shall not be required if the related party transaction is entered into by a subsidiary that is itself a listed Company, to which the provisions of Regulation 23, Regulation 15(2), and other specified provisions of SEBI LODR apply.

In the case of a related party transaction involving an unlisted subsidiary of a listed subsidiary, prior approval from the Audit Committee of the listed subsidiary shall suffice.

Remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions the LODR regulations.



IIFL House, Sun Infotech Park, Road No 16V, B-23, MIDC, Thane Industrial Area, Wagle, Estate,
Thane – 400604, Maharashtra, India

Approval for Material Modifications in Related Party Transactions:

Any subsequent material modification(s) to a related party transaction involving a subsidiary of the Company, where the Company itself is not a party shall require prior approval of the Audit Committee of the Company, unless the transaction is specifically exempt under SEBI LODR.

B. Board of Director's approval for Related Party Transactions:

Related Party Transactions, as defined under Section 188 of the Companies Act, 2013, or any material modification thereto, shall be placed before the Board for its approval. The proposal seeking Board approval, along with the required details and disclosures required under the RPT Provisions, shall be presented to the Board. The Board may grant its approval as per the RPT Provisions and may impose any conditions as it may consider necessary, ensuring alignment with this Policy and in the best interest of the Company.

Further, any Related Party Transactions that are not approved by the Audit Committee shall be placed before the Board of Directors for its consideration along with the recommendations of the Audit Committee.

Where any Director is interested in any contract or arrangement with a related party, such director shall not present at the meeting during the discussions on the subject matter of the resolution relating to such contract or arrangement.

C. Shareholder's approval for Related Party Transactions:

- a. For all Companies, any Related Party Transaction exceeding the thresholds prescribed under the Companies Act, 2013, unless expressly exempted thereunder, shall be placed before the shareholders of the respective company for prior approval through a resolution, as required under the Companies Act, 2013;
- b. All Material Related Party Transactions and any subsequent material modifications, as per this 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. Additionally, all Material Related Party Transactions and any subsequent material modifications involving a subsidiary of the Company, where the Company itself is not a party to the transaction, shall require prior approval of the shareholders through an ordinary resolution, unless the transaction is expressly exempted under SEBI LODR.

Provided that, if such a subsidiary is itself a listed company subject to the provisions of Regulation



IIFL House, Sun Infotech Park, Road No 16V, B-23, MIDC, Thane Industrial Area, Wagle, Estate,
Thane – 400604, Maharashtra, India

23, Regulation 15(2), and other specified provisions of SEBI LODR, 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 the Listed Subsidiary shall suffice.

D. Subsequent Material Modification(s):

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 10% (ten percent) of the price approved by the Audit Committee / Board / Shareholders, as applicable, 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.

Material Modifications in Financial Transactions

1. **Loans:** Any subsequent modification in the principal amount or interest rate shall be considered a “Material Modification” if it exceeds 10% (ten percent) of the principal amount or interest rate approved by the Audit Committee / Board / Shareholders, as applicable, in respect of a Related Party Transaction involving the granting or availing of a loan.
2. **Corporate Guarantees:** Any subsequent modification in the guarantee amount or guarantee commission shall be considered a “Material Modification” if it exceeds 10% (ten percent) of the guarantee amount or guarantee commission approved by the Audit Committee / Board / Shareholders, as applicable, in respect of a Related Party Transaction involving the granting or availing of corporate guarantees.
3. **Investments and Disinvestments:** 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 10% (ten percent) of the investment or disinvestment amount approved by the Audit Committee / Board / Shareholders, as applicable, in respect of a Related Party Transaction involving investment or disinvestment in shares, debentures, units or any other securities.



IIFL House, Sun Infotech Park, Road No 16V, B-23, MIDC, Thane Industrial Area, Wagle, Estate,
Thane – 400604, Maharashtra, India

4. Other Related Party Transactions: Any subsequent modification in any other type of Related Party Transaction shall be considered a “Material Modification” based on the criteria approved by the Audit Committee / Board / Shareholders, as applicable, at the time of approving such Related Party Transaction.

5. Related Party Transactions:

For the purpose of meeting business requirements, entities within the IIFL Group (as per Ind AS 24) enter into various transactions, contracts, and arrangements with one another.

The nature of these transactions and the corresponding approval / reporting process 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 | Yes | Yes | Approval of Audit Committee | Approval of 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.

6. Identification of Related Party Transactions:

Every director and key managerial personnel (KMP) of the Company and its subsidiaries shall, at the time of appointment; Annually; and whenever there is any change in the information already submitted, provide following information in which such director or KMP is interested, whether directly or indirectly, to the Company Secretary of the Company or the subsidiary (as the case may be)

- Names of his / her Relatives;
- Partnership firms in which he / she or his / her Relative is a partner;
- Private Companies in which he / she is a member or Director;
- Public Companies in which he / she is a Director and holds along with his/her Relative more than 2% of paid up share capital;



IIFL House, Sun Infotech Park, Road No 16V, B-23, MIDC, Thane Industrial Area, Wagle, Estate,
Thane – 400604, Maharashtra, India

- e. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions;
- f. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity); and
- g. Related in terms of the Indian Accounting standards for Related Party Disclosures

On the basis of the above, a consolidated list of Related Parties shall be prepared in accordance with the provisions of the Act and SEBI LODR.

7. Disclosures:

- i. Details of all material transactions with related parties shall be disclosed on a quarterly basis along with the compliance report on corporate governance.
- ii. The company shall upload the policy on Related Party Transactions on its website and disclose the same in the Annual Report.
- iii. On the date of publication of its standalone and consolidated financial results for the half-year, the Company shall submit disclosures of related party transactions on a consolidated basis to the Stock Exchange(s) and publish the same on its website.
- iv. All related party transactions shall be disclosed in the Annual Report, financial results and other filings, as applicable, in accordance with the relevant laws and regulations.
- v. As per General Circular No. 30/2014 dated July 17, 2014, issued by the Ministry of Corporate Affairs (MCA), all existing contracts approved under Section 297 of the Companies Act, 1956, shall not require fresh approval under Section 188 of the Companies Act, 2013 until the expiry of their original term.

8. Criteria / Documents / Process for all transactions with Related Parties:

- a) Proper documentation, including contracts, agreements, bills, and invoices, shall be maintained for all Related Party Transactions.
- b) All related party transactions shall comply with the applicable limits, conditions, and requirements as prescribed under relevant Acts, Rules, Regulations, and guidelines issued by regulatory authorities, including but not limited to RBI, SEBI, MCA, and Income Tax authorities.
- c) In the case of infrastructure and common sharing arrangements, the terms of the arrangement including the nature and quality of services, consideration, and other terms and conditions shall



IIFL House, Sun Infotech Park, Road No 16V, B-23, MIDC, Thane Industrial Area, Wagle, Estate,
Thane – 400604, Maharashtra, India

be comparable to those available in the market or from third parties.

- d) In the case of the purchase or sale of fixed assets or other assets, transactions shall be conducted at market prices or as per a valuer's certificate.
- e) A Related Party Transaction shall be approved only after assessing all material terms and conditions to ensure that the terms are comparable with market rates/practices at the relevant point in time and are conducted on an arm's length basis.

The following information shall be considered 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) If any contract or arrangement is entered into by a director or any other employee without obtaining prior consent of the Board or approval by a special resolution in a general meeting, it must be ratified by the Board or, as applicable, by the shareholders at a meeting within three months from the date of execution. If the contract or arrangement is not ratified within this period, it shall be voidable at the discretion of the Board.

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

9. 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.

10. Review:

The Board may review this Policy as and when deemed necessary.
