

## **Policy on Related Party Transactions**

### **1. Introduction**

It is Munoth Financial Services Limited's (herein after referred to as "the company") Policy that Related Party Transactions are conducted at arm's length basis with any such transaction being on no less favourable than terms available to any unconnected third party under the same or similar circumstances.

### **2. Application of the policy**

This Policy applies to the company's Directors and Key Managerial Personnel. Related Party Transactions constitute a conflict of interest within the meaning of the company's code of corporate governance. This Policy is not intended to conflict with any applicable laws or regulations and if any such conflict occurs the requirements of the law or regulation shall prevail.

### **3. Review and Approval procedures**

- 3.1 The Directors in addition to their initial and annual disclosure of interest shall disclose to the Board, any changes in the details of their relatives, other directorships, firms in which they or their relatives are partners, private companies in which the Director is a member or Director, public companies in which the Director is a Director or holds along with his relatives more than two percent of its paid-up share capital, 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 and any person on whose advice, directions or instructions a Director or Manager is accustomed to act. The Key Managerial Personnel should disclose their relatives. Any changes in the particulars must be informed promptly to the Board of Directors.
- 3.2 The Directors and Key Managerial Personnel shall inform immediately the Board of any proposed Related Party Transactions as soon as they become aware of it. It is the responsibility of the Director(s) or Key Managerial Personnel who are interested in a proposed Related Party Transaction(s) to inform the Board and obtain approval prior to entering into the transaction other than transactions entered with the Company in the ordinary course of business at "Arms Length Basis". Interested Director(s) / Key Managerial Personnel shall not be present at the meeting during discussions on the subject matter of the resolution(s).
- 3.3 "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.

#### **4. Identification of Related Party Transactions**

4.1 For purposes of this policy

1. A 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.

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

3. An entity is related to the Company if:

(i) such entity is a related party under Section 2(76) of the Companies Act, 2013; or

(ii) such entity is a related party under the applicable accounting standards. “Related Party” is defined under Section 2(76) of the Companies Act 2013 as

i) a Director or his relative

ii) a Key Managerial Person 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 percent 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 classes (vi) & (vii) above 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) a 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.

“Relative” is as defined under Section 2(77) of the Companies Act, 2013.

## **5. Related Party transactions and Audit Committee**

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:

5.1 The Audit Committee shall lay 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.

5.2 The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.

5.3 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 Transactions 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;

5.4 Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the company pursuant to each of the omnibus approval given.

5.5 Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

## **6. Disclosures**

6.1. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

A transaction with a related party shall be considered material 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.

6.2. The company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.

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 under Section 188 (1) of the Companies Act, 2013, and if it is not 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, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a Related Party of any Director, or is authorized by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by it.

## **7. Policy Review**

The Audit Committee shall review and assess the adequacy of this policy at least annually and recommend for approval by the Board any changes it considers necessary.