

EPIMONEY PRIVATE LIMITED

Related Party Transactions Policy

Detailed Policy Document

TABLE OF CONTENTS

Sr. No	Particulars	Page No
1	Background	3
2	Definitions	3
3	Scope and Purpose	4
4	Applicability	5
5	Identification of Related Party Transactions	5
6	Approval of Related Party Transactions	5
7	Disclosure	8
8	Review of Policy	8

1. **BACKGROUND**

The Reserve Bank of India (“RBI”) had, vide its notification no RBI/DoR/2023-24/105 DoR.FIN.REC.No.45/03.10.119/2023-24 Master Direction- Reserve Bank of India (Non-Banking Financial Company-Scale Based Regulation) Directions, 2023 (“Master Directions”) dated October 19, 2023 and any amendment thereof, mandated every Non-Banking Financial Company (“NBFC”) categorised as Middle Layer, Upper Layer and Top Layer registered with the RBI under the provisions of RBI Act, 1934 to put in place a Policy on Related Party Transactions, duly approved by the Board of Directors.

The Policy controls transactions with the Related Parties keeping in view of the potential or actual conflicts of interest and can raise concerns upon the transaction entered into by the Company with the Related Parties, and whether such transactions are consistent with the Company’s and its shareholders interest, and in compliance with the laws applicable to the Company. Such transactions shall be considered appropriate only if they are in the best interests of the Company and its shareholders.

2. **DEFINITIONS**

“**Act**” means Companies Act, 2013 and rules made thereunder, as amended.

“**Arm’s Length Basis**” shall mean the transaction entered into between two Related Parties as if they were unrelated to avoid any conflict of interest, and the term ‘arm’s length’ shall be construed accordingly.

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of Companies Act, 2013.

“**Board**” means the Board of Directors of the Company.

“**Directors**” means the Directors of the Company.

“**Key Management Personnel**”/ “**KMP**” means:

- (i) Chief Executive Officer or the Managing Director
- (ii) Whole Time Director
- (iii) Chief Financial Officer
- (iv) Company Secretary
- (v) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board;
- (vi) Such officers as may be prescribed.

“**Material Related Party Transactions**” means:

- a) A transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year:
 - i. exceeds rupees 100 crores for borrowings taken by the Company from Related Parties or

- ii. exceeds 50 crores for loans disbursed by the Company to the Related Parties or
 - iii. Any income or expense incurred with the Related Party exceeding 1 crore per transaction or a series of transaction per annum.
- b) A 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 5% (five percent) of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company.

(Annual consolidated turnover means annual consolidated total income as per the consolidated financial statements of the Company)

“Relative” shall mean the term as defined under relevant applicable section of the Companies Act, 2013 read with the Companies (Specification of definitions details) Rules, 2014.

“Related Party” shall mean a Related Party shall have the same meaning as defined under Section 2(76) of the Act and the Rules made thereunder and the applicable Accounting Standards.

“RPT/ Related Party Transactions” means any contract/ arrangement with a related party as defined under Section 188(1) of the Act, which is equal to or exceeds the limits mentioned under Rule 15(3) of the Companies (Meetings of the Board and its powers) Rules, 2014 as per the last audited financial statements of the Company.

“Ordinary course of Business” shall mean the usual transactions, customs and practices carried on generally by the Non-Banking Financial Companies to conduct its business operations and activities and shall include: -

- i. Carried out in the normal course of business as envisaged in the Memorandum and Articles of Association of the Company as amended from time to time;
- ii. Activities carried out in promoting and or in furtherance of the company’s business objective;
- iii. Historical practice with a pattern of frequency; or
- iv. Common commercial practice; or
- v. Meets any other parameters/criteria as decided by Board/Audit Committee.

3. **SCOPE AND PURPOSE**

This policy is intended to ensure the proper approval and reporting of transactions as applicable, between the Company and any of its Related Party in the best interest of the Company and its Stakeholders. Provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws. This Policy shall supplement the Company’s other policies in force that may be applicable to or involve

transactions with related persons. Further, the Board may amend this policy from time to time as may be required. The Audit Committee shall review, approve, and ratify Related Party Transactions based on this Policy in terms of the requirements under the above provisions.

4. APPLICABILITY

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions. Transactions covered by this policy include any contract or arrangement with a Related Party with respect to transactions defined hereunder as “Related Party Transaction”.

5. IDENTIFICATION OF RELATED PARTY TRANSACTIONS

All Directors and Key Managerial Personnel are 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. In addition, all Directors and Key Managerial Personnel are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction is in the ordinary course of business and on an Arm’s Length Basis.

Notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and to refer it to the Audit Committee.

6. APPROVAL OF RELATED PARTY TRANSACTION

a) Approval of Audit Committee / Board

All Related Party Transactions shall be approved by the Audit Committee / Board, as may be required in terms of the provisions of the Companies Act, 2013. To review a related party transaction which requires approval of the Audit Committee / Board, the Audit Committee / Board will be provided with all relevant material information to assist it in deciding whether or not to approve the transaction.

In determining whether to approve a Related Party Transaction, the Committee / Board will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- (i) Whether the terms of the Related Party Transaction are fair and at Arm’s Length Basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;

- (ii) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- (iii) Whether the Related Party Transaction would affect the independence of an independent director;
- (iv) Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- (v) Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- (vi) Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

Any member of the Audit Committee / Board, who has a potential interest in any Related Party Transaction, will recuse him or herself and abstain from voting on the approval or ratification of such Related Party Transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval or ratification of the Audit Committee / Board.

b) Omnibus Approval

The Audit Committee / Board may grant omnibus approval for related party transactions which are repetitive in nature, subject to the following conditions:

- (i) The Audit Committee / Board shall satisfy itself on the need for omnibus approval and whether such approval is in the interest of the Company;
- (ii) Omnibus approval shall be valid for a period not exceeding 1 (One) financial year and shall require fresh approval after the expiry of such financial year;
- (iii) The omnibus approval shall contain the name of the related party(ies), nature and duration of the transaction, maximum amount of transaction that can be entered into, the indicative base price or current contracted price and the formula for variation in the price, if any, and such other conditions, as the Audit Committee / Board may deem fit;

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, the Audit Committee / Board may make omnibus approval for such transactions subject to their value not exceeding INR 1 Crore per annum over a series of transaction.

- (iv) Omnibus approval shall not be made for transactions in respect of –

- a. Selling or disposing of the undertaking of the Company;
- b. Transactions which are not in the interest of the Company.
- c. Such other transactions specified under the applicable laws from time to time.
- d. Transactions which are not in the ordinary course of business or not at arm's length
- e. Transactions which are not repetitive or unforeseen in nature.
- f. Inter-corporate loans given / taken by the Company to / from related parties and purchase / sale of investments from / to related parties.
- g. Transactions in respect of sale or disposal of the undertaking of the Company.
- h. Any other transaction as may be specified by the Audit Committee / Board.

The Audit Committee / Board shall, at least on quarterly basis, review the details of the related party transactions entered into by the Company pursuant to each of the omnibus approval. In an unforeseen event where a RPT needs to be entered due to business exigencies between two Audit Committee / Board meetings, the Audit Committee / Board may approve such RPT by passing a resolution by circulation, after satisfying itself that such transaction is in the interest of the Company. Such transaction shall be ratified within three months from the date of entering into such transaction.

c) Approval of Board of Directors and Shareholder

Except in respect of transactions entered into by the Company in its ordinary course of business (other than transactions which are not on an Arm's Length Basis), the Company shall not enter into any contract or arrangement with its Related Parties with respect to the matters specified in Section 188(1) of the Act, without the prior approvals of the following:

- (i) Board of Directors given by way of a resolution at a meeting of the Board and subject to such conditions as may be prescribed by the Board; and
- (ii) Shareholders of the Company by ordinary resolution in case the contract or arrangement falls within the criteria specified as per Section 188(1) read with the Companies (Meetings of Board and its Powers) Rules, 2014.

All RPT specified in the Companies Act, 2013 which are not in Ordinary Course of Business of the Company and/or not at Arm's Length Basis and/or exceed the thresholds laid down in the Companies Act, 2013 and Companies (Meeting of Board and its Power) Rules, 2014, as amended from time to time, shall be placed before the shareholders for its approval. Notwithstanding, the RPTs which cross the thresholds limit as per Companies Act, 2013 shall be entered by the Company only with the prior approval of shareholders of the Company. However, shareholders' approval shall not be required for RPTs entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with that of the Company and placed before the shareholders at the general meeting for approval.

Subject to the provisions of the applicable laws, the Audit Committee or the Board of Directors or the shareholders of the Company, as the case may be, shall have the

power to ratify, revise or terminate the RPT, which are not in accordance with this Policy or as per the provisions of the applicable laws.

d) Related Party Transactions not approved under this Policy

In case of any transaction involving any amount not exceeding INR 1 (One) Crore rupees is entered into by a director or officer of the Company without obtaining the approval of the Audit Committee / Board and it is not ratified by the Audit Committee / Board within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee / Board and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the Company against any loss incurred by it.

In case of any contract or arrangement entered into by a director or any other employee, without obtaining the consent of the Board or approval by the Shareholder in the General Meeting under Section 188(1) of the Act 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 or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

7. DISCLOSURE

Appropriate disclosures as required by the Act and Reserve Bank of India will be made in the Financial Statements and the Annual Report of the Company. This Policy shall be disclosed on the website of the Company and in the Annual Report.

8. REVIEW OF POLICY

This Policy shall be reviewed at least annually by the Board as and when any changes are to be made in the Policy. Any exceptions to the Policy on Related Party Transactions must be consistent with the Companies Act 2013, including the Rules promulgated there under and must be approved in the manner as may be decided by the Board of Directors.