



Annexure-IX

MUTHOOT FINCORP Ltd

Related Party Transaction Policy

Date of Board Approval

13.08.2018

RELATED PARTY TRANSACTION POLICY

The transactions with the Related Parties shall be guided by the following principles.

A. Objective/ Purpose of the Policy: The objective of the policy is to frame and formulate operational guidelines facilitating the following operations relating to the business of the Company:-

- i) lending to,
- ii) investments in/with
- iii) availing of loans from
- iv) NCD investments by
- v) Subordinated Debt investment by
- vi) entering into other business transactions with any Related Party

B. Definition of Related Party :

“Related Party” means—

- (i) any director of the Company or his relative;
 - (ii) any key managerial personnel or his relative;
 - (iii) any firm, in which any director, manager or his relative is a partner;
 - (iv) any private company in which a director or manager or his relative is a member or director;
 - (v) any public company in which any director or manager is a director 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 of the Company;
 - (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; or
- (B) a subsidiary of a holding company to which it is also a subsidiary;
- (C) an investing company or the venturer of a company;

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 by the Companies Act

C. Prohibition/restrictions: The Company shall not enter into any transaction with a Related Party if the same is prohibited by the RBI or by any other law in force in the Country. If any restriction is imposed on such transactions, the transactions entered with them shall be in conformity to the extent of such restrictions.

D. Review and approval of Related Party Transaction:

a) Audit Committee

- (i) All the transactions which are identified as related party transactions should be pre-approved by the Audit Committee before entering into such transaction.
- (ii) The Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the company subject to such conditions/criteria prescribed under the Act. Such omnibus approval shall be valid for a period not exceeding one year after which fresh approval to be taken.
- (iii) Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a related party transaction, the Committee has authority to modify or waive any procedural requirements of this policy.

b) Board of Directors/Members of the Company

- (i) As per the Companies Act, except with the consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed, Company shall not enter into any arrangement or contract with any Related Party with respect to:-
 - (a) sale, purchase or supply of any goods or materials;
 - (b) selling or otherwise disposing of, or buying, property of any kind;
 - (c) leasing of property of any kind;
 - (d) availing or rendering of any services;
 - (e) appointment of any agent for purchase or sale of goods, materials, services or property;
 - (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
 - (g) underwriting the subscription of any securities or derivatives thereof, of the company:

- (ii) In the case of a Company having a paid-up share capital of not less than such amount, or transactions not exceeding such sums as may be prescribed in the Companies (Meetings of Board and its Powers) Rules 2014, no contract or arrangement as mentioned above shall be entered into except with the prior approval of the Company by a resolution.

An audit committee member, board member or the shareholder, as the case may be, who has an interest, potential or otherwise, in any related party transaction shall abstain himself from discussion and voting on the approval of the related party transaction.

E. Transactions undertaken at Arm’s length basis:

The consent of the Board is not necessary if transactions at D(b)(i) above are undertaken by the Company in its ordinary course of business on an arm’s length basis. The expression “arm’s length transaction” means a transaction between two related parties conducted as if they were unrelated, so that there is no conflict of interest.

F. Contract/Arrangement entered into without obtaining the consent of the Board/Members of the Company.

If any contract or arrangement is entered into without obtaining the consent of the Board or approval by resolution in the General Meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within 3 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 authorized by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by it.

G. Disclosure to Shareholders

Every contract or arrangement as specified in (C) above shall be disclosed in the Board’s report to the shareholders along with the justification for entering into such contract or arrangement.

H. Loans to and Loans from Related Parties:

Loans to Related Parties shall be, sanctioned subject to the provisions contained in the Companies Act and RBI guidelines.

I. Investment in /with / by Related Parties:

Investments by the Company in or with any of the Related Parties shall be made as per the provisions of the Companies Act 2013.

J. All activities referred to above shall be undertaken with any Related Party subject to the provisions of the extant RBI Guidelines and Companies Act.