



OXYZO FINANCIAL SERVICES PRIVATE LIMITED (COMPANY OR OXYZO)

POLICY ON RELATED PARTY TRANSACTION

REVIEW & APPROVING AUTHORITY

Authority	Designation
Prepared By	Finance and Compliance Department
Reviewed By	Level 1- Operational Committee Level 2: Audit Committee
Approved By	Board of Directors

VERSION HISTORY

Version	Issue Date	Brief Description
1.0	21-08-2019	Created
1.1	15-02-2023	Reviewed by Operational Committee
1.1	23.05.2023	Noted by Board of Directors

1. Preamble

OXYZO Financial Services Private Limited ("Company") recognizes that Related Party Transactions (as defined below) can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's interests. This Policy spelling out the review and approval of Related Party Transactions has been adopted by the Company's Board of Directors, as recommended by the Audit Committee, in order to set forth the procedures under which such transactions must be reviewed and approved or ratified.

This Policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company. The Board of Directors of the Company will review and, if required, amend this Policy from time to time and such amended Policy shall also be in conformity with the provisions of the Companies Act 2013, the Rules made thereunder and as per Master Direction-Non-Banking Financial Company-Systematically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 and the same be approved in the manner as may be decided by the Board of Directors of the Company from time to time.

2. Purpose

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

3. Definitions

- a) **"Act"** shall mean Companies Act, 2013 and includes any amendment thereof.
- b) **"Audit Committee or Committee"** means the Audit Committee of the Board of Directors of the Company
- c) **"Board"** means the Board of Directors of the Company.
- d) **"Key Managerial Personnel"** means the following managerial personnel as defined under the Companies Act, 2013:
 - i. the Chief Executive Officer or the Managing Director or

- Manager.
 - ii. the Company Secretary.
 - iii. the Whole-Time Director.
 - iv. the Chief Financial Officer and
 - v. such other officer as may be prescribed under the Companies Act 2013;
- e) **“Policy”** means this Related Party Transactions Policy.
- f) **“Related Party Transaction”** means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.
- g) **“Transaction”** with a related party shall be construed to include single transaction or a group of transactions in a contract.
- h) **“Relative”** means a relative as defined in Section 2(77) of the Companies Act, 2013.

4. Identification of Potential Related Party and Transactions

Every director shall at the first meeting of the Board in which he/she participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals, including his shareholding, shall furnish Form MBP-1 “Notice of Interest by Director” pursuant to Section 184(1) and Rule 9 of the Companies (Meeting of Board and its Powers) Rules, 2014 and also declare whether the Board of Directors, managing director or manager of any other body corporate is accustomed to act in accordance with his/her advice, directions or instructions (given otherwise than in a professional capacity).

Every Director and Key Managerial Personnel is responsible for providing notice to the Board or the Audit Committee of the list of related parties as covered under Section 2(76) of the Act as well under Indian Accounting Standard 24. This list of related parties shall be updated on an annual basis and further changes informed as soon as possible. Each director as well as KMP shall inform the Company in advance of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

5. Review and Approval of Related Party Transactions

- i) Approval of the Audit Committee:
- ii) All the transactions which are identified as Related Party Transactions should be pre-approved by the Audit Committee before entering into such transaction even if the transaction and/or subsequent modifications thereto is in the ordinary course of

business and at arm's length price

Any Member of the Committee who has a potential interest in any Related Party Transaction will rescue himself/herself and abstain from discussion and voting on the approval of the Related Party Transaction(s).

- a) The Audit Committee shall be provided with the material facts of such Related Party Transactions and the Audit Committee will determine whether to approve such Related Party Transactions or not.
- b) In assessing a Related Party Transaction, the Audit Committee shall consider such factors as it deems appropriate, including without limitation –
 - i. the business reasons for the Company to enter into the Related Party Transaction.
 - ii. the materiality of the Related Party Transaction to the Company.
 - iii. whether the terms of the Related Party Transaction are fair to the Company and on the same basis as would apply if the transaction did not involve a Related Party; and
 - iv. the extent of the Related Party's interest in the Related Party Transaction.
- c) The following Related Party Transactions shall not require approval of Audit Committee:
 - i. Any transaction that involves providing of compensation to a Director or Key Managerial Personnel in connection with his or her duties to the Company or any of its Subsidiaries or Associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business; and
 - ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company.
- d) As per its terms of reference under Section 177 of the Act, such transactions with Related Parties will be reviewed by the Audit Committee on a quarterly basis.
- e) The Company shall obtain prior approval of the Audit Committee for all the transactions to be entered into with the Related parties except with the Holding Company.

6. Mechanism for determining Ordinary course of business and Arm's length basis:

- a) All transactions or activities that are necessary, normal and incidental to the business of the Company shall be deemed to be in the ordinary course of business. These may also be common practices and customs of commercial transactions.

- i) Following are some of the criteria that may be considered for determining whether the transaction is in the ordinary course of business:
 - ii) Whether the activity is covered in the objects clause of the Memorandum of Association;
 - iii) Whether the activity is in furtherance of the business;
 - iv) Whether the activity is normal or otherwise routine or the particular business (i.e. activities like advertising, staff training, etc.)
 - v) Whether the activity is repetitive/frequent
 - vi) Whether the income, if any, earned from such activity/transaction is treated as business; income in the company's books of account;
 - vii) Whether the transactions are common in the particular industry;
 - viii) Whether there is any historical practice to conduct such activities business; h. Revenue generated by the activity;
 - ix) Resources committed to the activity. These are not exhaustive criteria and the Company will assess each transaction considering its specific nature and circumstances.
- b) **“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. In this regard, Transfer Pricing guidelines issued by the relevant authorities under the provisions of Income-Tax Act 1961 may be used to determine the criteria on a case to case basis.

7. Approval of the Board of Directors of the Company:

- a. As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business and at arm’s length basis, are placed before the Board for its approval.
- b. In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:
 - i. Transactions which may be in the ordinary course of business and at arm’s length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
 - ii. Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm’s length basis and decides to refer the same to the Board for approval;
 - iii. Transactions which are in the ordinary course of business and at arm’s length basis, but which in Audit Committee’s view requires Board approval.

- iv. Transactions meeting the materiality thresholds as defined under Companies Act, 2013 and which are intended to be placed before the shareholders for approval.

8. Approval of the Shareholders of the Company:

- a. All the transactions with related parties exceeding the materiality thresholds as laid down in the Act and amendments thereto, are placed before the shareholders for approval.
- b. The Company shall obtain the approval of the Board and Shareholders in case the Company enters into any Material transaction with the Related Parties except with the Holding Company.

9. Omnibus approval

Criteria and the need for granting omnibus approval;

- a. The Audit Committee may, in the interest of the Company to ensure smooth operations, grant omnibus approval for Related Party Transactions proposed to be entered into by the Company which are repetitive in nature, and which are routine and incidental to the general operations of the Company, subject to such conditions as it may deem fit. Such approval shall be valid for a period not exceeding one year and shall specify the following:
 - i. The name(s) of the Related Party;
 - ii. The nature of the transaction, period of transaction, maximum amount of transaction that can be entered into &
 - iii. The indicative base price / current contract price and the formula for variation in the price, if any and
 - iv. Such other conditions as the Audit Committee may deem fit.
- b. The Audit Committee may also grant omnibus approval, without the above details, for unforeseen transaction subject to a value not exceeding 1 crore per transaction.
- c. Such Omnibus approvals shall be valid for a maximum period of one year.
- d. The Audit Committee shall review the details of Related Party Transactions entered into by the Company pursuant to such Omnibus approvals, on a quarterly basis.

10. Related Party Transactions not approved under this Policy

- a. In case any transaction involving any amount not exceeding INR One crore (INR 1,00,00,000) is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee.
- b. 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 resolution 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
- c. In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee under this Policy and shall take any such action it deems appropriate. In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without its approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

11. DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS:

- a. As per the Act:
 - Pursuant to Section 134(4) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, every Contract or arrangement entered with Related Parties in accordance with Section 188(1) of the Act shall be disclosed in the Board's Report along with the justification for entering into such contract or arrangements in Form AOC - 2.

- In terms of Section 178(8) of the Act, where the Board has not accepted any recommendation of the Audit Committee, the same shall be disclosed in the Boards' report with reason thereof.
 - Making necessary entries in the Register of Contracts required to be maintained under Section 189 of the Act.
- b. As per the Indian Accounting Standard (Ind AS) 24:
In terms of IND AS 24, the following disclosures are required to be made in the financial statements:
- i. Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent
 - ii. and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financials. ii. statements available for public use, the name of the next most senior parent that does so shall also be disclosed.
 - iii. Key management personnel compensation in total and for each of the following categories:
 - (a) short-term employee benefits;
 - (b) post-employment benefits;
 - (c) other long-term benefits;
 - (d) termination benefits; and
 - (e) share-based payment.
 - iv. Related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. At a minimum, disclosures shall include:
 - a) the amount of the transactions;
 - b) the amount of outstanding balances, including commitments, and: (i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and (ii) details of any guarantees given or received;
 - c) provisions for doubtful debts related to the amount of outstanding balances; and
 - d) the expense recognised during the period in respect of bad or doubtful debts due from related parties.
 - v. The Standard requires that the disclosures, shall be made separately for each of the following

categories:

a) the parent;
b) entities with joint control of, or significant influence over, the entity;

c) As per the RBI Master Directions:

i. Details of all material transactions with related parties shall be disclosed in the annual report
ii. The Company shall disclose the policy on its website and also in the Annual Report

12. Policy Review

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee and management and appropriate recommendations shall be made to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.
