

BOBCARD LIMITED

(Formerly known as BOB Financial Solutions Limited)

Policy on Related Party Transactions

(Approved by Board in meeting held on 3rd May, 2024 Agenda Item No 149/6D)

Document Information

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Sr. No.	Version No.	Addition in the Policy
1	1.0	New Policy
2	2.0	Minor Changes in the Policy

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POLICY ON RELATED PARTY TRANSACTIONS

1. Preamble:

BOBCARD Limited ("Company") recognizes that related party transactions can present potential or actual conflict of interest and may raise questions on consistency of such transactions with best interest of the Company and its stakeholders. The Company has therefore identified the need to frame a policy on the approval and execution of related party transactions by the Company and its materiality, with its related parties. This Policy on Related Party Transaction shall be governed by Section 188 of the Companies Act, 2013 ("Act") read with Rules made thereunder and the RBI Master Direction on Non-Banking Financial Company – Systemically Important Non Deposit taking Company (Reserve Bank) Directions, 2016 updated from time to time.

Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements transactions between the Company and Related Parties. The related party transactions falling under the provisions of section 188 (1) of the Act are required to be disclosed in the Board's Report along with the justification for entering into such transactions. In terms of the aforesaid RBI directions, the Company is required to disclose the policy on dealing with Related Party Transactions on its website and in its Board's Report.

2. Objective

The objective of this policy is to establish transparency in the dealings of the Company with its related parties, prevent any conflict of interest in the implementation of related party transactions and ensure reporting, disclosure and compliance with the requirements of applicable laws and guidelines.

3. Applicability:

This Policy applies to the transactions between the Company and its Related Parties. Transactions covered under this policy include any contract or arrangement with a Related Party with respect to transactions defined hereunder as "Related Party Transaction".

4. Definitions:

"Arm's length Transactions" means a transaction as referred to in section 188 of Companies Act, 2013 i.e. transaction between two Related Parties that is conducted as if they are unrelated, so that there is no conflict of interest or vested interest in that transaction.

"Audit and Risk Management Committee" means Committee of Board of Directors of the Company constituted under provisions of Companies Act, 2013 and directions issued by the Reserve Bank of India from time to time.

"Board" means the Board of Directors of the Company, as constituted from time to time.

"Key Managerial Personnel" ("KMP") means a person who is a KMP, as defined under Companies Act, 2013.

"Related Party" means related party as defined under Section 2(76) of the Companies Act, 2013 as amended from time to time read with applicable accounting standards.

“Related Party Transaction” means any transaction or arrangement in which the Company and Related Party are contracting parties either directly or indirectly with respect to the items specified in Section 188(1) of the Companies Act, 2013.

“Relative” means relative defined under section 2(77) of the Companies Act, 2013 read with Rule 4 of Companies (Specification of Definitions Details) Rules, 2014 and such amendments issued from time to time.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, or any other applicable law or regulation.

5. Periodic identification of Related Parties:

All Directors and Key Managerial Personnel are required to disclose their concern/interest in other companies, body corporates, firms or other Association of Persons (AOPs) including shareholdings along with their list of relatives to the Company at the beginning of every financial year and at the first Board meeting wherein they participate and whenever there is any change in their disclosures already made as per the provision of the Companies Act, 2013 and rules made thereunder. They are also required to intimate the Board or Audit Committee of any potential Related Party Transaction involving him/her or his/her Relatives, including any additional information about the transaction that the Board / Audit Committee may reasonably request. The said list of identified Related Parties is shared with the concerned Department to identify and decide on treatment of Related Party Transactions.

Process for entering into Related Party Transaction:

Transactions with Related Parties shall generally be in the form of master agreements which would define the terms governing individual transactions/work orders/purchase orders (sub-transactions) to be undertaken under the agreement.

The Company will:

- a. Identify the transactions with Related Parties;
- b. Perform tests to determine whether the transaction is in the ordinary course of business or otherwise;
- c. Review the commercial terms involved in the transaction and analyse whether the transaction is at ‘arm’s length’ as if the party is unrelated;
- d. Determine the approval requirements applicable to the transaction in accordance with this Policy and applicable laws;
- e. Prepare and maintain relevant documentation supporting the basis of its assessment; present the required details to the Audit Committee/Board or shareholders for approvals are required; and
- f. Execute agreement once the approvals are obtained.

In connection with review of a Related Party Transaction, the Company will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favourable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Party interest in the Related Party Transaction. Company shall inter alia refer to the transfer pricing provisions under Income Tax

Act or OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administration for determining the arms' length criteria.

Company shall also consider, whether the Related Party Transaction would present a conflict of interest with respect to any Director or KMP of the Company, taking into account the size of the transaction, the overall financial position of the director/KMP or other Related Party, the direct or indirect nature of the directors', KMP or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors deems relevant.

6. Procedure for approval of Related Party Transaction:

All related party transactions require review of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions as it may deem fit. If the Audit Committee determines that a Related Party Transaction should be brought before the Board, then the same shall be placed before the Board for its consideration and approval. The transactions which are exempted under Companies Act will be exempted from the approval of Audit/Board of Directors/Shareholders approval, as the case may be.

7. Voting requirements:

Any member of the Audit Committee/Board of Director/Shareholder who has a potential interest in any Related Party Transaction will abstain from any discussions or voting on such proposals.

8. Amendment/Review of Policy:

The policy shall be reviewed annually or at earlier intervals, if necessary. Consequent upon any changes in regulatory guidelines, such change shall be deemed to be a part of the policy until a policy is reviewed and approved next time.

The Policy on Related Party Transactions shall be amended or modified with approval of Audit committee and Board.