



**kotak life**

Process Assurance and Risk Management

**Policy for dealing with Related Party Transactions**

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**Kotak Life Insurance**

**Policy for dealing with Related Party Transactions**

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**Change Management**

<b><u>Date</u></b>	<b><u>Version</u></b>	<b><u>Author</u></b>	<b><u>Section</u></b>	<b><u>Amendment</u></b>
July 28, 2015	1.1.1	Kaushal Bhute	Whole Document	Originally approved in the 80 <sup>th</sup> Board Meeting held on 27 <sup>th</sup> April, 2015.
January 28, 2016	2.2.1	Kaushal Bhute	Section-3 1. Added definition of “Arms’ Length Transactions” and “Ordinary Course of Business” 2. Addition of Annexure-2 for “Format of Omnibus Approval”.	Further amended in the 83 <sup>rd</sup> Board Meeting dated 28 <sup>th</sup> January, 2016, 26 <sup>th</sup> April, 2017 & 27 <sup>th</sup> April, 2018
July 18, 2018	3.2.1	Rahul Deshpande	Any body corporate which is - •a holding, subsidiary, joint venture or an associate of such company; or •a subsidiary of a	Amended in the Board Meeting dated 18 <sup>th</sup> July, 2018.

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			<p>holding company to which it is also a subsidiary; or</p> <ul style="list-style-type: none"> <li>•an investing company or the venturer of the company;</li> </ul> <p>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;</p> <ul style="list-style-type: none"> <li>•director or KMP of the holding company of such company or his relative</li> </ul>	
April 26,2019	4.2.1	Rahul Deshpande	Definition of Related Party — director (other than Independent Director) or KMP of the holding company of such company or his relative	Amended in the Board Meeting dated 26 <sup>th</sup> April, 2019.
April 29,2020	5.2.1	Pallavi Kathal	Definitions	Scope of “Ordinary course of business” increased.

<u>Date</u>	<u>Version</u>	<u>Author</u>	<u>Section</u>	<u>Amendment</u>
				Amended in the Board Meeting dated 29 <sup>th</sup> April, 2020.
April 27, 2021	6.2.1	-	Whole Document	No changes made  This policy was approved in the Board meeting dated 27 <sup>th</sup> April, 2021
April 30, 2022	7.2.1	-	Whole Document	No changes made  This policy was approved in the Board meeting dated 29 <sup>th</sup> April, 2022
May 12, 2023	8.2.1	-	Whole Document	No changes made  This policy was approved in the Board meeting dated 26 <sup>th</sup> April, 2023
July 25, 2023	9.2.1	-	Preamble  Definition  Restrictions to Related Party Transactions  Identification of Potential Related Party Transactions  Review and Approval of Related Party	Relevant provisions of the Act mentioned  Definitions amended as per the Companies Act, 2013.  Clause redrafted to provide more clarity on obtaining omnibus approval.  Update that List of RPT shall now be prepared based on Kotak Group's structure & the disclosures received from Directors & KMPs.  Added that member of the Committee who is interested in any

<u>Date</u>	<u>Version</u>	<u>Author</u>	<u>Section</u>	<u>Amendment</u>
			Transactions	transaction with related party shall not be present at the meeting during discussions.
			Any other relevant information regarding the transaction.	Added New clause inserted for seeking Board Approval for transactions as determined by the Audit Committee
			Related Party Transactions not approved under this Policy	Updated the Clause to replicate the provisions of Section 177 & 188 of the Companies Act, 2013
			Law to take precedence and applicability	New clause inserted
				This policy was approved in the Board meeting dated 19 <sup>th</sup> July, 2023



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### ***1. Preamble***

The Board of Directors (the Board) of Kotak Mahindra Life Insurance Company Ltd (“KLI”) have adopted the following policy and procedures with regard to Dealing with Related Party Transactions, as defined below (“Policy”/ “ Related Party Transaction Policy”). The Audit Committee will review and may recommend amendments to this Policy from time to time and as may be deemed necessary, for the approval of the Board.

This Policy will be applicable to KLI, so as to regulate transactions between KLI and Kotak Mahindra Bank Ltd. (“KMBL”) and/ or subsidiaries of KMBL and the Related Parties, as required under the provisions of Sections 177 and 188 of the Companies Act, 2013 (“Act”) and other laws, rules, regulations, circulars and guidelines, as may be applicable from time to time.

### ***2. Purpose***

This Policy is framed as per requirement of the Companies Act, 2013 and is intended to ensure the proper approval and reporting of Related Party transactions. Such transactions would be appropriate only if they are in the best interest of KLI and its shareholders. KLI is required to disclose each year in its financial statements/ Annual Report, transactions between KLI and related parties as well as its policy concerning transactions with related parties.

### ***3. Definitions***

- i) “Audit Committee” or “Committee” means a Committee consisting members of the Board of Directors of KLI, constituted as per the provisions of the Companies Act, 2013 (the Act) and the rules / regulations / circulars / guidelines issued from time to time by the Insurance Regulatory and Development Authority of India (“IRDAI”).
- ii) “Arm’s length transaction” means a transaction between two related parties that is conducted as if the parties were unrelated, so that there is no conflict of interest.
- iii) “Board” means a body of elected Directors of KLI responsible for overseeing operations of the Company, as per the provisions of the applicable law.
- iv) “Control” shall have the same meaning as defined in the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and which is presently as follows – “Control “includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.
- v) “Key Managerial Personnel” (“KMP”) means key managerial personnel as defined under the Act and includes:
  - a. the Chief Executive Officer or the managing director or the manager;

- b. the company secretary;
  - c. the whole-time director;
  - d. the Chief Financial Officer;
  - e. 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; and
  - f. such other officer as may be prescribed under the Act.
- vi) “Ordinary course of business” for the purpose of this policy, will include the transactions undertaken by KLI:
- in the normal course of insurance business as permitted by law / regulations/ rules/ guidelines/ circulars etc.;
  - as part of customary business practices or by its long standing conduct.
  - permitted by IRDAI or any other law for the time being in force.
  - The following are examples of related party transactions which are undertaken in the normal course of business by the company:
    - Insurance Premium
    - Investment income
    - Commission
    - Bank Charges
    - Shared Services with holding and fellow subsidiaries
    - Investment Transactions
    - KMP and Director payments
    - Any other operating expenses
- vii) “Policy” means Related Party Transaction Policy.
- viii) “Related Party” is defined under section 2(76) of the Act as:
- 1. a director or his relative;
  - 2. a Key Managerial Personnel or his relative;
  - 3. a firm, in which a director, manager or his relative is a partner;
  - 4. a private company in which a director or manager or his relative is a member or director;
  - 5. a public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital;
  - 6. any body corporate whose Board of Directors (BOD), managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager (except where such advice, directions or instructions are provided in professional capacity);
  - 7. any person under whose advice, directions or instructions a director or manager is accustomed to act (except where such advice, directions or instructions are provided in professional capacity);
  - 8. any body corporate which is -
    - a holding, subsidiary, joint venture or an associate of such company; or



- a subsidiary of a holding company to which it is also a subsidiary; or
  - an investing company or the venturer of the 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
  - a director (other than Independent Director) or KMP of the holding company of such company or his relative
  - a related party as per accounting standard 18
- ix) “Relative” with reference to any person, means anyone who is related to another, if—
- they are members of a Hindu Undivided Family;
  - they are husband and wife; or
  - one person is related to the other the following manner/ related as:
    - Father (including step-father)
    - Mother (including step-mother)
    - Son (including step-son)
    - Son’s wife
    - Daughter
    - Daughter’s husband
    - Brother (including step-brother)
    - Sister (including step-sister)

#### **4. Policy**

All related party transactions must be reported to the Audit Committee and referred for approval to the Committee in accordance with this Policy.

##### **4.1 Identification of Potential Related Party Transactions**

KLI shall maintain a list of related parties after considering the requirements of applicable law and based on (i) the Kotak Group’s structure (i.e. holding, subsidiary, associate companies etc.) and (ii) the disclosures and declarations received from time to time from Directors and KMPs.

##### **4.2 Restrictions related to Related Party Transactions**

4.2.1 Section 177 of the Act requires the Audit committee of a Company to approve all related party transactions.

Considering that the frequency/ repetitiveness of transactions may be too high, the Committee may review the nature of transactions and give its general approval (i.e. omnibus approval) after satisfying itself of the need, by specifying in the approval, the terms like name of the Related Party, nature of transaction, maximum amount of the transactions that may be entered into, period of the transaction and such other terms as may be necessary and subject to such modifications as it deems fit. Such omnibus approval shall be valid for a period of one financial year and a fresh approval shall be taken after the expiry of the financial year. If required, the Audit Committee may, subject to the provision of

the applicable laws, review its omnibus approval during the financial year, and make such amendments/ modifications/ revisions to the same as may be deemed necessary or required for the conduct of KLI's business.

As per section 188 of the Act, the consent of the Board by resolution/Shareholders' approval by an ordinary resolution in a general meeting is required, for entering into the specified transactions with a related party, if such transactions are not in the ordinary course of business of the Company or not at arm's length and exceed the threshold limits as specified in the Act.

4.2.2 Where the need for related party transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs 1 crore per transaction.

4.2.3 A preference will be given to the group entities for the products offered by them in ordinary course of business, subject to transaction being on arm's length.

#### ***4.3 Review and Approval of Related Party Transactions***

All related party transactions will have to be reviewed and approved by the Audit Committee, subject to 4.2 above. Any member of the Committee who is interested in any transaction with a related party, such member shall not be present at the meeting during discussions on the subject matter of the resolution relating to such transaction.

To review a related party transaction, the Committee will be provided with relevant information of the related party transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the KLI, arm's length principles and any other relevant matters/ information as may be specified or required from time to time. In determining whether to approve a related party transaction, the Committee will consider the following factors, among others, to the extent relevant to the related party transaction:

- The fairness and arm's length or otherwise of the related party transaction after applying the same basis as if the transaction did not involve a related party;
- The business reasons for the KLI to enter into the related party transaction and the nature of alternative transactions, if any;
- Impact on independence of an Independent Director of related party transaction;
- Any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the related party transaction would present an improper conflict of interest for any director or KMP of the KLI, taking into account the size of the transaction, the overall financial position of the director or other related party, the direct or indirect nature of the

director's, KMP's or other related party's interest in the transaction and the on-going nature of any proposed relationship and any other factors the Board/Committee deems relevant.

- Any other relevant information regarding the transaction.

If the Committee determines that a Related Party Transaction shall be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for the Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:

- i. Any transaction that involves the providing of compensation to a Director or KMP in connection with his or her duties to KLI, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business. This will be dealt with by the Nomination and Remuneration Committee.
- ii. Any transaction in which the related party's interest arises solely from ownership of securities issued by the KLI and all holders of such securities receive the same benefits pro rata as the related party.

All related party transactions, including the above and those approved through omnibus approval, will be reviewed by the Audit Committee at least on quarterly basis.

#### ***5. Related Party Transactions not approved under this Policy***

Subject to the provisions of applicable laws:

- (a) where any transaction involving any amount not exceeding one crore rupee is entered into by a Director or Officer of KLI 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 and if the transaction is with the related party to any Director or is authorised by any other Director, the Director concerned shall indemnify KLI against any loss incurred by it;
- (b) where any contract or arrangement: (i) requiring consent of the Board of Directors is entered into by a Director or any other employee, without obtaining such consent, or (ii) requiring approval by a resolution in the general meeting is entered into without such approval, then if such transaction 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 KLI against any loss incurred by it.

The above shall be applicable only in respect of transactions covered under Section 177 of the Act, requiring approval of the Audit Committee / transactions covered under Section 188 of the Act, requiring approval of the Board of Directors / Shareholders of KLI, as the case may be.

#### ***6. Reporting of Related Party Transactions***

The Company shall disclose each year, in its financial statements/ Annual Report, the transactions between KLI and its Related Parties, as well as policies concerning transactions with Related Parties, in such manner and form as may be prescribed under the applicable laws.

#### ***7. Law to take precedence and applicability***

In the event of any variation or inconsistency between the provisions of the Policy and the applicable Regulations and/or the Act, the provisions of the applicable Regulations and/or the Act, as the case may be, shall prevail over the Policy and the provisions of the Policy shall be deemed to have been amended so as to be read in consonance with the Regulations and / or the Act.

The above policy will be modified to be in line with regulations including the Companies Act, 2013 and guidelines issued by IRDAI.