



Muthoot Securities

RELATED PARTY
TRANSACTION POLICY

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BACKGROUND

The Board of Directors (the “Board”) of Muthoot Securities Limited (the “Company”) has framed and adopted this policy and procedures with regard to the transaction with the Related Parties.

This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable on the Company

OBJECTIVE

This policy is framed to ensure the proper approval and reporting of transactions between the Company and its Related Parties. 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.

DEFINITIONS

“Act” shall mean the Companies Act, 2013 and includes any amendment thereof. All terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules made thereunder.

REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

TRANSACTIONS WITH APPROVAL OF AUDIT COMMITTEE

All the transactions which are identified as related party transactions should be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while considering the related party transactions for its approval.

A related party transaction which is

- (i) not in the ordinary course of business, or
- (ii) not at arm’s length price,

would require approval of the Board of Directors or of shareholders as provided in this policy.

The Committee may grant omnibus approval for related party transactions which are repetitive in nature and are in the interest of the Company.

Such omnibus approval shall specify the following:

- (i) The name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
- (ii) The indicative base price/current contracted price and the formula for variation in the price, if any; and
- (iii) Such other conditions as the Audit Committee may deem fit.

The validity of the omnibus approval will be up to the end of the financial year for which it is approved and require fresh approvals after the expiry of such period.

Audit Committee shall review, on a quarterly basis, the details of related party transactions entered by the Company pursuant to the omnibus approval.

A related party transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Committee, will be placed before the Committee for ratification.

Dealing with transactions which don't have prior approval:

In the event the Committee/Board becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee.

- The Committee shall consider all of 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 Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate
- In any case where the Committee determines not to ratify a Related Party Transaction that has been commenced without 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 Committee has authority to modify or waive any procedural requirements of this Policy.

TRANSACTION WITH APPROVAL OF BOARD OF DIRECTORS

In case any related party transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or(ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction.

TRANSACTION WITH APPROVAL OF SHAREHOLDERS

If a related party transaction is not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require shareholders' approval by way of a resolution. In such a case, any member of the Company who is concerned related party shall not vote on resolution passed for approving such related party transaction.

REPORTING OF RELATED PARTY TRANSACTIONS

REPORTING TO BOARD OF DIRECTORS

Statement of related party transaction as approved by the Audit Committee will be placed before the immediate next Board meeting after the Audit Committee meeting for their record and reference and any Direction by Board of Directors will be followed by the Audit Committee.

REPORTING TO SHAREHOLDERS

Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

EXEMPTIONS

Nothing contained in in this policy shall apply to any contract or arrangement—

- (i) in the ordinary course of its business; or
- (ii) at arms' length price.
- (iii) between the Company and any other partner of the firm in which Director/ Manager/ Relative is a partner.
- (iv) service availed in a professional capacity from body corporate/person.
- (v) Contract with a private or public company in which relative of a director/ manager is a director/ member.
- (vi) The following transaction(s) undertaken by the Independent Director with the Company or its holding, subsidiary, or associate company or their promoters or directors during the year and during two immediately preceding financial years shall not fall in the ambit of pecuniary relationship with the Company:
 - transaction(s) done in ordinary course of business at arm's length;
 - receipt of remuneration by way of sitting fees;
 - reimbursement of expenses for attending board and other meetings
 - any profit related commission as approved by members.

AMENDMENT

The Audit Committee will review the Policy periodically and may propose to amend the same from time to time and no alternation in the policy will be made without approval of Board of Directors
