



# **MUTHOOT CAPITAL SERVICES LIMITED**

**Related Party Transaction Policy**  
(Effective from 1<sup>st</sup> October, 2014)

# MUTHOOT CAPITAL SERVICES LIMITED

## RELATED PARTY TRANSACTION POLICY

### 1. Definitions

“**Company**” means Muthoot Capital Services Limited.

“**Related party**” with reference to the Company means:-

- (i) a director or his relative ;
- (ii) a key managerial personnel or his relative ;
- (iii) a firm, in which a director, manager or his relative is a partner ;
- (iv) a private company in which a director or manager is a member or director ;
- (v) a public company in which a director or manager is a director or 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 ;
- (vii) any person under 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 professional capacity.

(viii) any company 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 ;

(ix) Director or key managerial personnel of the holding company or his relative with reference to a company; or

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under Clause 49 (III) of Listing Agreement and Section 177 of the Companies Act, 2013.

“**Board**” means Board of Directors of the Company

“**Key Managerial Personnel**” means key managerial personnel as defined under Section 2(51) of the Companies Act, 2013 and includes

- (i) Managing Director or manager and in their absence, a whole-time director;
- (ii) Chief Executive Officer
- (iii) Company Secretary;
- (iv) Chief Financial Officer and
- (v) such other officer as may be prescribed

“**Material Related Party Transaction**”- a transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous

transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Policy” means Related Party Transaction Policy.

“**Related Party transactions**” - transactions/ contracts/ arrangement between the Company and any related parties which fall under one or more of the following headings:

As per Section 188 of the Companies Act, 2013

- (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;

As per Clause 49 of the Listing Agreement

(h) Transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged.

As per Accounting Standards 18

- (i) Transfer of research and development
- (ii) license agreements
- (iii) finance (including loans and equity contributions in cash or kind).
- (iv) Guarantees and collaterals
- (v) Management contracts including for deputation of employees.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities Contract Regulation Act or any other applicable law or regulation.

## **2. 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.

This Policy is effective from 1<sup>st</sup> October 2014.

## **3. POLICY**

- a. All Related Party Transactions shall require prior approval of Audit Committee.
- b. All Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties should abstain from voting on such resolutions.
- c. Every Director or Key Managerial Personnel is responsible for providing advance notice to the Board or Audit Committee of any potential transaction involving him or her or his or her relative.

- d. Audit Committee will review the details of transactions which are proposed to be entered into with a related party.
- e. Where advance review of a Related Party Transaction by the Committee is not feasible or was entered due to urgency, then the Related Party Transaction shall be reviewed subsequently by the Audit Committee and in case the transaction is not approved the contract/arrangement shall stand cancelled from the date as determined by the Committee.

#### **4. APPROVAL PROCEDURE OF RELATED PARTY TRANSACTION**

- A. At each of its meetings, the Audit Committee will be provided with the details of each existing or proposed Related-Party Transaction that it has not previously approved or disapproved, including the following details:
- a. the terms of the transaction
  - b. the business purpose of the transaction, and
  - c. the benefits to the relevant Director(s) who is/are interested.

Any member of the Audit Committee who is interested in the related party transaction should abstain from voting on such resolutions. In connection with its review of a Related Party Transaction, the Committee 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's interest in the Related Party Transaction.

- B. 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 and
- (iii) such other conditions as the Audit Committee may deem fit;

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

#### **5. REVIEW PROCEDURE**

As per approved terms of reference of Audit Committee by the Board, all Related Party Transactions, except which are entered in Ordinary Course of business and on arm's length and all Specific Transactions shall be reported/referred to the Audit Committee of Directors on a quarterly basis for its review which includes

- 1. The status of transactions already approved by the Committee
- 2. Status of transactions undertaken under omnibus approval.
- 3. Transactions which were entered due to urgency etc.

#### **6. DISCLOSURE**

Compliance with this policy shall be disclosed to stock exchanges quarterly along with the compliance report on corporate governance.

The Company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

## **7. 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:
  - (a) transaction(s) done in ordinary course of business at arm's length;
  - (b) receipt of remuneration by way of sitting fees;
  - (c) re-imburement of expenses for attending board and other meetings;
  - (d) any profit related commission as approved by members.

## **8. REGISTERS**

The Company shall keep and maintain a register, maintained physically or electronically, as may be decided by the Board of Directors, giving separately the particulars of all contracts or arrangements to which this policy applies and such register is placed/taken note of before the meeting of the Board of directors.

Every director or key managerial personnel shall, within a period of thirty days of his appointment, or relinquishment of his office in other Companies, as the case may be, disclose to the Company the particulars relating to his/her concern or interest in the other associations which are required to be included in the register maintained.

The Company shall maintain such register in the Head Office of the Company and provide extracts from such register to a member of the Company on his request, within seven days from the date on which such request is made upon the payment of such fee as may be specified in the articles of the Company but not exceeding ten rupees per page.

The register to be kept under this section shall also be produced at the commencement of every Annual General Meeting of the Company and shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.