



**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS**

**AND**

**ON DEALING WITH RELATED PARTY TRANSACTIONS**

**(Adopted on 14.02.2022)**

**In terms of Regulation 23 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also provisions of the Companies Act, 2013.**

# **POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS**

## **1. Preamble**

- The Board of Directors (the “Board”) of **My Money Securities Limited** (the “Company”), has adopted the following policy and procedures with regard to Materiality of Related Party Transactions and on dealing with Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time.
- This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.
- This Policy deals with Materiality of Related Party Transactions (RPTs) and dealing with the Related Party Transactions in terms of the Regulation 23 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations) and the Companies Act, 2013.

## **2. Purpose**

This policy is amended as per requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. 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 certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

## **3. Definitions**

- 3.1 “Act”** means the Companies Act, 2013 together with the rules and regulations formulated thereunder, as amended from time to time;
- 3.2 “Audit Committee or Committee”** means Committee of Board of Directors of My Money Securities Limited constituted under provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.
- 3.3 “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 as defined in explanation (b) to Section 188 (1) of the Companies Act, 2013.
- 3.4 “Annual Consolidated Turnover”** is the gross amount of revenue recognized in the statement of profit and loss from the sale, supply or distribution of goods or on account of services rendered or both, during a financial year as per the latest consolidated financial statement of the Company

**3.5 “Board”** means Board of Directors of the My Money securities Limited

**3.6 “Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

**3.7 “Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013 and includes

1. Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director;
2. Company Secretary; and
3. Chief Financial Officer

**3.8 “Material Related Party Transaction”** A Related Party Transaction(s) shall be considered Material, if, (i) such transaction(s) to be entered with related party either taken individually or taken together with previous transactions during a financial year, **exceeds rupees Rs. 1,000 Crores or 10% of the annual consolidated turnover of the My Money Securities Limited** as per the last audited financial statements of the Company, whichever is lower.

However, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual consolidated turnover of the My Money Securities Limited as per the last audited financial statements of the Company, or (ii) such transaction as defined under Section 188(1) of the Companies Act, which are not in the ordinary course of business and/or not at arm’s length price and, exceeds certain thresholds limits as prescribed under the Companies Act, 2013.

**3.9 “Policy”** means Related Party Transaction Policy.

**3.10 “Related Party”** means related party as defined in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 which is as follows:

An entity shall be considered as related to the Company if:

**A.**Such entity is a related party under Section 2(76) of the Companies Act, 2013; or

[As per the provisions of Companies Act, 2013 read with applicable Rules made thereunder: 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 or his relative is a member or director;
- (v) 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;
- (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 on 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 a 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;

A director (other than an independent director) or key managerial personnel of the holding company or his relative with reference to a Company, shall be deemed to be a related party.]

**B.** Such entity is a related party under the applicable accounting standards."

[Related Party / Parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions.]

Provided that:

- (a) any person or entity forming a part of the promoter or promoter group of the Company; or
- (b) any person or any entity, holding equity shares:
  - (i) of 20% or more; or
  - (ii) of 10% or more, with effect from April 1, 2023;

in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

**3.11 "Related Party Transaction"(RPT)** contains the same meaning as defined under Regulation 2(1) (zc) of Listing Obligation and Disclosure Requirements,2015 which states that RPT means a transaction involving a transfer of resources, services or obligations between :

- (i) the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
- (ii) the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries, with effect from April 1, 2023;

Explanation: A "transaction" with a Related Party shall be construed to include single transaction or a group of transactions in a contract regardless of whether a price is charged

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - i. payment of dividend;
  - ii. subdivision or consolidation of securities;

- iii. issuance of securities by way of a rights issue or a bonus issue; and
- iv. buy-back of securities.

3.12“**Relative**” means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if –

- a) They are members of a Hindu undivided family;
- b) They are husband and wife;
- c) Father (including stepfather)
- d) Mother (including step-mother)
- e) Son (including step-son)
- f) Son’s wife
- g) Daughter
- h) Daughter’s husband
- i) Brother (including step-brother)
- j) Sister (including step-sister)

## **Policy**

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

- **Identification of Potential Related Party Transactions**

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee 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.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

- **Prohibitions related to Related Party Transactions**

All Related Party Transactions shall require prior approval of the Audit Committee.

Further only those members of the audit committee, who are independent directors, shall approve related party transactions.

However, the approval of Audit Committee shall be subject to following provision:-

- i. A related party transaction to which the subsidiary is a party but the Company is not a party, shall require prior approval of the audit committee of the Company, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company;
- ii. With effect from April 1, 2023, a related party transaction to which the subsidiary is a party but the Company is not a party, shall require prior approval of the audit committee of the Company, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary; with
- iii. prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are applicable to such listed subsidiary. Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to above, the prior approval of the audit committee of the listed subsidiary shall suffice.

- **Omnibus approval for Related Party Transactions**

Audit Committee may grant **omnibus approval** for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- I. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- II. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- III. Such omnibus approval shall specify
  - name/s of the related party, nature of transaction,
  - period of transaction,
  - maximum amount of transaction that can be entered into
  - the indicative base price / current contracted price and the formula for variation in the price if any and
  - such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Further, all Material Related Party Transactions shall require approval of the shareholders through **special resolution** and all entities falling under the definition of Related Parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

- **Review and Approval of Related Party Transactions**

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will rescues him or herself and abstains from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. 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:

- a) Whether the terms of the Related Party Transaction are fair and on arms length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- b) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c) Whether the Related Party Transaction would affect the independence of an independent director;
- d) Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- e) Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- f) Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

If the Committee determines that a Related Party Transaction should 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 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 or Shareholders:

- a) Any transaction that involves the 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.
- b) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.



- **Approval by Board of Directors**

Except with the consent of the Board of Directors given by a resolution at a meeting of the Board, My Money Securities Limited shall not enter into any contract or arrangement with a related party with respect to—

- (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:

Provided that nothing of the above shall apply to any transactions entered into by My Money Securities Limited in its ordinary course of business other than transactions which are not on an arm's length basis.

Explanation —

the expression “office or place of profit” means any office or place—

Where such office or place is held by a director, if the director holding it receives from My Money Securities Limited anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

Where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from Company anything by way of remuneration, salary, fee, commission,perquisites, any rent-free accommodation, or otherwise;

the expression “**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.

- **Transactions requiring Shareholders Approval**

All the Material Related Party Transactions shall require approval of the shareholders through resolution and the related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

All the transactions other than the Material Related Party Transactions, with the related parties which are not in the ordinary course of business or at arm's length basis shall require the approval of the shareholders through appropriate resolution, (special resolution or ordinary resolution, as may be required under any law, in force from time to time) and the related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

- **Related Party Transactions not approved under this Policy**

In the event the Company 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.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

**Scope Limitation**

In the event of any conflict between the provisions of this Policy and of the Listing Regulations/ Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations/ Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy