

RELATED PARTY TRANSACTIONS POLICY

Reviewing Authority	Audit Committee of Directors
Approving Authority	Board of Directors
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Review Cycle	Annually or as recommended by the Audit Committee of Directors.

1. Preamble

The Board of Directors of Share India Securities Limited (“the Company”), has adopted the policy to regulate Related Party Transactions in compliance with the requirements of Section 188 of the Companies Act, 2013 and Rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and other applicable accounting standards, if any in this respect.

As per the Amended Listing Regulations, the Related Party Transactions for the Company shall include transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity 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 listed entity or any of its subsidiaries, with effect from April 1, 2023;

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:

2. Purpose

The Policy has been framed to comply with the provisions of the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”).

The objective of this Policy is to set out as mentioned hereunder:

- a) the materiality thresholds for related party transactions;
- b) the manner of dealing with the Related Party Transactions in compliance with the Act, the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company; and
- c) lay down the guiding principles and mechanism to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders.

3. Definitions

- a) **“Act”** shall mean the Companies Act, 2013 and the Rules made there under, including any statutory modifications, amendments, clarifications, circulars or re-enactment thereof.
- b) **“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.
- c) **“Audit Committee or Committee”** means the Audit Committee of Board of Directors of the Company constituted under Regulation 18 of the SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013 or any other Act for the time being in force.
- d) **“Board”** means the Board of Directors of the Company, as constituted from time to time.
- e) **“Control” – means and includes the following:**

- **With reference to the provisions of the Companies Act, 2013**

Control shall include 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.

- **With reference to the provisions of Accounting Standard (AS 24)**

Control is is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

- **With reference to the provisions of the SEBI Regulations**

Control shall have the same meaning as assigned to it under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 {Takeover Regulation}. In terms the Takeover Regulations, 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:

Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position;

- f) **“Director”** means a member of the Board of Directors of the Company, as constituted from time to time.

- g) **“Independent Director”** means a director of the Company, as appointed in terms of Section 149 of the Companies Act 2013 and who also qualifies as Independent Director in terms of Regulation 16(1)(b) of the SEBI Listing Regulations.
- h) **“Key Managerial Personnel” or “KMP”** means key managerial personnel as defined under Section 203 of the Companies Act, 2013, as amended from time to time.
- i) **“Material Modification”** shall mean such increase in the original value/consideration of any Related Party Transaction entered into/to be entered into by the Company, as may be decided by the Audit Committee from time to time depending upon the transaction under review.
- j) **“Material Related Party Transaction”** means and include the following

- **As per SEBI Listing Regulations:**

If the transaction / transactions to be entered into individually or taken together with previous transactions to be entered individually or to be taken together with previous transactions during a financial year, exceeds rupees one thousand crore or 10% of the Annual Consolidated Turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

- **As per Companies Act, 2013:**

As per Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time:

- i. Sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
- ii. Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to 10% or more of net worth of the company, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
- iii. leasing of property of any kind amounting to 10% or more of the net worth of the company or 10% or more of turnover of the company, as mentioned in clause (c) of sub-section (1) of section 188;
- iv. availing or rendering of any services, directly or through appointment of agent, amounting to 10% or more of the turnover of the company, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188;

Explanation—

- (a) It is hereby clarified that the limits specified in sub-clauses (i) to (iv), as above, shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
 - (b) Is for appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding Rs.2.5 lakh as mentioned in clause (f) of subsection (1) of section 188; or
 - (c) Is for remuneration for underwriting the subscription of any securities or derivatives thereof of the company exceeding 1% of the net worth as mentioned in clause (g) of sub-section (1) of section 188.
 - (d) The Turnover or Net Worth referred above shall be computed on the basis of the Audited Financial Statement of the preceding financial year.
 - (e) In case of a wholly owned subsidiary, the resolution, as the case may be passed by the Company shall be sufficient for the purpose of entering into the transactions between the wholly owned subsidiary and the Company.
- k) “Ordinary course of business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities.
- l) “Office or place of profit”** means any office or place—
- 1) Where such office or place is held by a director, if the director holding it receives from the Company 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;
 - 2) 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 the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- m) “Policy”** means Related Party Transactions Policy.

n) **“Relative”** means and includes anyone who is related to another, if,

- (i) They are members of a Hindu Undivided Family;
- (ii) They are husband and wife;
- (iii) Father (including step-father);
- (iv) Mother (including step-mother);
- (v) Son (including step-son);
- (vi) Son’s wife;
- (vii) Daughter (including step-daughter);
- (viii) Daughter’s husband;
- (ix) Brother (including step-brother);
- (x) Sister (including step-sister).

o) **“Related Party”** means Related Party as per Companies Act 2013 & Rules made thereunder, Accounting Standard and the Regulations, as under:

- **As per the provisions of Companies Act, 2013 read with applicable Rules made thereunder:**

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;
- b) A Subsidiary of a Holding Company to which it is also a Subsidiary; or
- c) 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.

- (ix) 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.

- **As per the provisions of Accounting Standard:**

A related party is a person or entity that is related to the “reporting entity.” (herein referred to the Company)

(a) A person or a close member of that person’s family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

- **As per SEBI Listing Regulations:**

“related party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that:

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (b) any person or any entity, holding equity shares:
 - (i) of twenty per cent or more; or
 - (ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity 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

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

p) “Related Party Transactions” – means and includes the following:

- **As per Companies Act, 2013:**

Following class of transactions are referred as Related Party Transactions:

- 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 SEBI Listing Regulations:**

A ‘Related Party Transaction’ means a transfer of resources, services or obligations between between:

- i. a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- ii. a listed entity 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 listed entity or any of its subsidiaries, with effect from April 1, 2023;

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:

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 listed entity 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.
- c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s)

- **As per the provisions of Accounting Standard**

Transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged..

- q) **“Significant influence”** means participation in the financial and/or operating policy decisions of an enterprise, but not control of those policies. Generally, if an investing party holds 20% or more of the voting power of an enterprise, it is presumed that the investing party has significant influence over that enterprise.

**Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations, Securities Contracts (Regulation) Act,1956 or any other applicable law or regulation.*

4. Manner of dealing with Related Party Transactions

4.1 Identification of Related Parties

Each Director and Key Managerial Personnel (KMP) is responsible to notify to the Board regarding persons and entities to be considered as `Related Parties` by virtue of his/her being Director/ KMP in the company. Such Notice shall be issued to the company at the time of appointment and also at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made.

In addition to above, management is to identify other related parties based on control exercised by company on them and vice-versa within the meaning of Companies Act, 2013 and applicable accounting standard.

4.2 Identification of Related Party Transactions

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

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

The Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

4.3 Review and approval of Related Party Transactions

(A) Audit Committee

A1. Approval by the Audit Committee

- All Related Party Transactions (RPTs) (including any subsequent material modifications thereof) shall require prior approval of the Audit Committee of Directors.
- A RPT to which the subsidiary of the Company 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 listed entity;

Provided that w.e.f. April 1, 2023, the aforementioned limit of ten per cent shall be calculated with respect to the annual standalone turnover, as per the last audited financial statements of such subsidiary.

- Prior approval of the Audit Committee of the Company shall not be required for a RPT to which a the listed subsidiary is a party but the Company is not a party, if regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.
- For RPT(s) of unlisted subsidiaries of the Company, the prior approval of the Audit Committee of the Company shall suffice.
- **Following information shall be provided to the Audit Committee of Directors for reviewing any item on Related Party Transactions:**
 - a) Type, material terms and particulars of the proposed transaction;
 - b) Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
 - c) Tenure of the proposed transaction (particular tenure shall be specified);
 - d) Value of the proposed transaction;
 - e) The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
 - f) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
 - (i) Details of the source of funds in connection with the proposed transaction;
 - (ii) Where the financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - Nature of Indebtedness
 - Cost of Funds
 - Tenure

(iii) Applicable Terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of securities; and

(iv) The purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT

g) Justification as to why the RPT is in the interest of the Company;

h) A copy of the valuation or other external party report, if any such report has been relied upon;

i) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;

j) Any other information that may be relevant or required by the Audit Committee

*The audit committee shall also review the status of long-term (**more than one year**) or recurring RPTs on an **annual basis**.*

A2. Omnibus Approval

➤ The Audit Committee of Directors may grant 'Omnibus Approval' for the RPTs proposed to be entered into by the Company.

➤ The Conditions for granting Omnibus approval are as under:

1. 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;

2. The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;

3. The proposal for Omnibus Approval placed before the Audit Committee shall include the following information: -

- Name of the related parties;
- Nature and duration of the transactions;
- The Period of Transaction;
- Maximum amount of transaction that can be entered into;

- The indicative base price or current contracted price and the formula for variation in the price, if any; and
 - Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:
- The Audit Committee shall review on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.
 - The omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of such one year.
 - In case the need for related party transaction cannot be foreseen and the aforesaid details are not available, audit committee may make omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction
 - Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

Board

1. The Company shall not enter into any Related Party Transaction, which is either not in ordinary course of business or not at arm's length price, without the prior approval of the Board of Directors.
2. The Board of Directors shall 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 recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

3. Also, any Material Related Party Transaction as referred by the Audit Committee for Shareholder's Approval shall be placed before the Board for its consideration and approval thereon.

Shareholders

1. Except with the prior approval of the company by a resolution, as may be specified from time to time under the Companies Act, 2013 or SEBI Listing Regulations, the Company shall not enter into a material Related Party transaction(s) with the Related Party as defined under clause 3(j) of this policy.
2. All Material Related Party Transactions and subsequent 'Material Modifications' as defined above shall require prior approval of the shareholders through resolution (as may be applicable from time to time) and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not
3. All 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.
4. Following Information shall be provided to shareholders for consideration of agenda on Related Party Transactions in addition to the requirements under the Companies Act, 2013:
 - a) A summary of the information provided by the management of the Company to the Audit Committee;
 - b) Justification for why the proposed transaction is in the interest of the Company;
 - c) A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
 - d) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
 - e) Any other information that may be relevant.

4.4 Exemptions:

4.4.1 Approval of Audit Committee, Board and Shareholder's, will not be applicable in the following cases:

- ❖ Transactions entered into between 2 Government Companies.
- ❖ Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

❖ Transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

Provided that the approval of the Audit Committee shall not apply to a transaction, other than a transaction referred to in section 188 of the Companies Act, 2013, between a holding company and its wholly owned subsidiary company.

5. Disclosures

- a. The **Board's Report** will contain details of contracts or arrangements or transactions (i) not at arm's length basis and (ii) material (based on the thresholds laid down under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014) contracts or arrangement or transactions at arm's length basis and/or in ordinary course of business, along with justification for entering into such transaction in accordance with the requirements of Companies Act, 2013 and rules made thereunder.
- b. The Company shall submit **disclosures** of related party transactions along with the financial results for the half year on a standalone / consolidated basis, within such time and manner as maybe specified by the SEBI from time to time, and publish the same on its website.
- c. The Company shall also provide details of all material related party transactions on a quarterly basis to the stock exchanges along with the **Compliance Report on Corporate Governance**.
- d. As prescribed under Regulation 62(1A)(g) of the SEBI Listing Regulations, this Policy shall be hosted on the **Company's website** at <http://www.shareindia.com>.

6. Periodic Review

The Board on recommendation of the Audit Committee of the Company shall review the Policy atleast once in every three years and may amend the same from time to time, and the decision of the Board in this respect shall be final and binding.

Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.