

HIND SECURITIES AND CREDITS LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. PREAMBLE:

The Board of Directors (the "**Board**") of Hind Securities And Credits Limited (the "**Company**") has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions ("Policy") in compliance with the provisions of Section 188 of the Companies Act, 2013 and Securities And Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") with the Stock Exchanges in India.

Originally adopted by Board of Directors on May 4, 2015.
Amended by Board of Directors on August 10, 2016.

2. APPLICABILITY:

This policy shall be applicable to all Related Party Transactions.

3. OBJECTIVE:

The objective of this Policy is to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory and regulatory provisions in this regard.

4. DEFINITIONS:

A. "Arm's Length transaction"

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. (Explanation (b) to Section 188 (1) of the Act).

B. "Board of Directors" or "Board"

Board of Directors or Board shall mean the Board of Directors of Hind Securities & Credits Limited, as constituted from time to time.

C. "Audit Committee or Committee"

Audit Committee or Committee means the Committee of the Board constituted from time to time under the provisions of Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013.

D. "Key Managerial Personnel"

Key Managerial Personnel mean Key Managerial Personnel as defined in sub-section (51) of Section 2 of the Companies Act, 2013.

E. "Material Related Party Transactions"

Material Related Party Transactions means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013 or the Listing Regulations, whichever is stringent, from time to time.

F. "Relative(s)"

Relative(s) shall have the same meaning as assigned to it under Section 2 (77) of the Companies Act, 2013 and the Rules made thereunder.

G. "Related Party"

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:

H. "Related Party Transaction"

Related Party Transaction means a transfer of resources, services or obligations between a listed entity and a related party, 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

4. POLICY:

The Audit Committee shall review and approve all Related Party Transactions based on this Policy.

All proposed Related Party Transactions must be reported to the Audit Committee for prior approval by the Committee in accordance with this Policy. In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre - approval / omnibus approval, details whereof are given in a separate section of this Policy.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.

5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION:

All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode.

A member of the Committee who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such transaction is considered.

6. CONSIDERATION BY THE AUDIT COMMITTEE:

While approving, the Audit Committee may, inter-alia, consider the following factors:

- a. all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party;
- b. whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis, at the time of entering into the transaction;
- c. business reasons for the Company to enter into the Related Party Transaction;
- d. whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or KMP of the Company;
- e. any other matter the Audit Committee deems relevant.

Director or KMP shall not participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the Director / KMP shall provide all material information concerning the Related Party Transaction to the Audit Committee;

7. OMNIBUS APPROVAL:

Audit Committee may grant the omnibus approval for Related Party Transactions subject to the following conditions:

1. Transactions are frequent/ regular/ repetitive in nature and are in the normal course of business of the Company.
2. Audit Committee shall satisfy itself the need for such omnibus approval in the best interest of the Company.
3. Omnibus approval shall specify:
 - (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.

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. One Crore per transaction.

4. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to omnibus approval given.
5. The omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year from the date of approval.

8. APPROVAL OF THE BOARD AND SHAREHOLDERS - MECHANISM:

BOARD OF DIRECTORS:

All cases where the Related Party Transactions are not in the ordinary course of business and/or are not on arm's length basis but within the prescribed limits as per the Companies (Meetings of Board & its Powers) Rules, 2014, shall be brought before the Board of Directors for approval through Board Level Audit Committee.

All (a) Related Party Transactions that are beyond the prescribed limits as per Companies (Meetings of Board & its Powers) Rules, 2014 and being not in the ordinary course of business of the company and/ or not on an arm's length basis,

(b) Material Related Party Transactions, requiring the approval of the shareholders, shall also need to be approved by the Board for placing before shareholders.

Such approval of Board may be obtained at a duly convened meeting.

SHAREHOLDERS:

All (a) Related Party Transactions that are beyond the prescribed limits as per Companies (Meetings of Board & its Powers) Rules, 2014 and being not in the ordinary course of business of the company and/ or not on an arm's length basis,

(b) Material Related Party Transactions, shall require approval of shareholders through Ordinary Resolution (after due approval by the Board).

No member of the Company shall vote on Ordinary Resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party for such contract or arrangement.

UNDER THE LISTING REGULATIONS:

All **Material** Related Party Transactions requires the approval of the shareholders, by way of Resolution. However, the same shall be put up to the Board for its approval at its meeting before the approval of shareholders.

Exemption:

- (i) Transactions entered into between two Government Companies;
- (ii) 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.

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.

9. DETAILS TO BE PROVIDED TO THE BOARD AND SHAREHOLDERS:

Every Related Party Transaction entered into by the Company shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction as per the provisions of the Act and Listing Regulations.

10. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS:

- (a) Each director / Key Managerial Personnel is responsible for providing written notice to the Compliance Officer of any potential Related Party Transaction involving him or her or his or her relatives, including any additional information about the transaction that the Compliance Officer may reasonably request. The Compliance Officer, in consultation with other members of management and with the Audit Committee, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.
- (b) Every director / Key Managerial Personnel of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting.
- (c) Where any director / Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.
- (d) A contract or arrangement entered into by the company without disclosure or with participation by a director / Key Managerial Personnel who is concerned or interested

in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.

- (e) In addition, each director / Key Managerial Personnel is required to complete a questionnaire in connection with the disclosures about their Relatives and any current, past and proposed Related Party Transactions.
- (f) Any director / Key Managerial Personnel who has been convicted of the offence dealing with related party transactions at any time during the last preceding five years shall be disqualified for appointment as director / Key Managerial Personnel, as the case may be.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Compliance Officer has adequate time to obtain and review information about the proposed transaction and other matters incidental thereto and to refer it to the appropriate approval authority. Ratification of a Related Party Transaction after its commencement or even its completion may be appropriate in some circumstances, however.

11. DISCLOSURES:

- (a) The Company is required to disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report of the Company.
- (b) The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party.

12. 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.

13. DISSEMINATION OF POLICY:

This Policy shall be disseminated to all functional and operational employees and other concerned persons of the Company.
