

**RELATED PARTY TRANSACTIONS POLICY & PROCEDURES**

**I. Preamble**

MODEX INTERNATIONAL SECURITIES LIMITED is committed to adopting the best practices of Corporate Governance and maintains high levels of ethical and legal conduct in fulfilling its responsibilities as a corporate citizen.

The Company recognizes that related party transactions can present a risk of actual or apparent conflicts of interest of the Directors, KMPs, Senior Management etc. with the interest of the Company and hence has laid down a comprehensive policy for governing the Related Party Transactions.

The Board of Directors of MODEX INTERNATIONAL SECURITIES LIMITED (“Company” or “MODEX”), adopts the following policy and procedures with regard to Related Party Transactions (RPT) as defined below, in compliance with the requirements of Section 188 of the Companies Act, 2013 and Rules made thereunder and any subsequent amendments thereto (the “Act”) and Listing Agreement with the Stock Exchanges, in order to ensure the transparency and procedural fairness of such transactions.

**II. Objective**

This policy is intended to ensure the proper approval and reporting of transactions as applicable, between the Company and any of its related party in the best interest of the Company and its Stakeholders.

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.

The Audit Committee of Directors (“Audit Committee”), shall review, approve and ratify Related Party Transactions based on this Policy in terms of the requirements under the above provisions.

The Board of Directors reserves the power to review and amend this policy from time to time. Any exceptions to the Policy on Related Party Transactions must be consistent with the Companies Act 2013, including the Rules promulgated thereunder and Clause 49 of the Listing Agreement and must be approved in the manner as may be decided by the Board of Directors.

**III. Definitions**

- (a) **“Key Managerial Personnel”** means Key Managerial Personnel of the Company as defined by the Companies Act, 2013 and the Rules made thereunder and includes:-
- (i) Chief Executive Officer or the Managing Director or the Manager;
  - (ii) Whole time Director;
  - (iii) Company Secretary;

- (iv) Chief Financial Officer;
- (b) “Policy” means Related Party Transaction Policy of the Company.
- (c) “Related Party” means a person or an entity which is related party as per
- (i) Section 2(76) of the Companies Act, 2013
  - (ii) As per Clause 49 of the Listing Agreement
  - (iii) Applicable Accounting Standards
- (d) “Relatives” with reference to any person, means anyone who is related to another, if-
- i. They are members of a Hindu Undivided Family;
  - ii. They are husband and wife; or
  - iii. One person is related to the other in the following manner, namely:
    - a) Father (including step-father)
    - b) Mother (including step-mother)
    - c) Son (including step-son)
    - d) Son’s Wife
    - e) Daughter
    - f) Daughter’s Husband
    - g) Brother (including step-brother)
    - h) Sister (including step-sister)
- (e) “Related Party Transactions” means transactions/contracts/arrangement between the Company and its related parties which fall under one or more of the following headings:

Section 188 of the 2013 Act deals with the related party transactions with respect to:

- Sale, purchase or supply of any goods or materials
- Selling or otherwise disposing of, or buying, property of any kind
- Leasing of property of any kind
- Availing or rendering of any services
- Appointment of any agent for purchase or sale of goods, materials, services or property
- Related party’s appointment to any office or place of profit in the company, its subsidiary company or associate company, and
- Underwriting the subscription of any securities or derivatives thereof, of the company.

In contrast, Revised Clause 49 defines the related party transactions as a transaction involving “transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.”

#### **4. Identification of Potential Related Party Transactions**

The Directors and Officers of the Company are responsible for providing notice to the Board or Audit Committee of transactions involving him or her or his or her relatives, including any

additional information as requested by the Board.

The officers shall take necessary prior approvals required from the Audit Committee at its next meeting of the Proposed Potential Related Party Transactions and shall convey back the decisions to the Board.

## **5. Review and Approval of Related Party Transactions**

### **a) Board of Directors approval**

- (i) A statement in summary form of transactions with related parties in the ordinary course of business shall be placed periodically before the audit committee.
- (ii) Material individual transactions with related parties which are not in the normal course of business shall be placed before the audit committee.
- (iii) Material individual transactions with related parties or others which are not on an arm's length basis should be placed before the audit committee, together with Management's justification for the same.

### **b) Shareholders' Approval - Material Related Party Transactions**

- i. All Related party transactions and material specific transactions, other than the exempted transactions, shall require prior Shareholders approval by way of Special Resolution in General Meeting.
- ii. The Shareholders or Audit Committee shall satisfy itself the need for such approval and that such approval is in the interest of the Company; Such approval shall specify (i) the name/s of the related party, nature of transaction, maximum amount of transaction that can be entered into 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, Shareholders may grant approval for such transactions subject to their value.
- iii. In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business and at arm's length basis; and exceed the thresholds laid down in the Companies (Meetings of Board and its Powers) Rules, 2014, are placed before the shareholders for their approval
- iv. Such approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- v. No Shareholder of the Company if such a shareholder is a related party with reference only to the contract or arrangement for which the said special resolution is being passed shall vote on any such special resolutions.

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.

## 6. Exemptions

Nothing contained 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. Service availed in a professional capacity from body corporate/person.
- iv. The following transaction(s) undertaken by the Independent Director with the Company or its holding, subsidiary, or associate company or their promoters or directors 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) reimbursement of expenses for attending board and other meetings;
  - (d) any profit related commission as approved by members.

## 7. Review and Modification of the Policy

The Policy shall be reviewed annually by the Audit Committee and modified in accordance with the applicable amendments in the Companies Act, Rules made thereunder, Listing Agreement, Circulars and Notifications by appropriate authorities.

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