

RELATED PARTY TRANSACTION POLICY

1. Introduction:

In terms of the Securities Exchange Board of India (SEBI) Listing Obligation and Disclosure Requirements Regulations 2015, as further amended and in terms of SEBI (Listing Obligation and Disclosure Requirements Regulations) (Amendment) 2018, ('LODR') the Board of Director of Apex Capital Markets Limited ('Company') has adopted the revised policy with regards to Related Party Transactions ('Policy') as defined herein below to be effective from 01.04.2019.

This Policy will be applicable to the Company w.e.f. 01.04.2019. The Policy is to regulate the transactions between the Company and its related parties and to decide upon the materiality of the Related Party Transactions based on the applicable provisions of the laws and regulations applicable to the Company.

2. Purpose:

The objective of this Policy is to frame a policy to deal with Related Party Transactions including formulating a policy on materiality of Related Party Transactions including clear threshold limits.

3. Definitions:

"Act" means Companies Act, 2013, including any statutory modifications or re- enactment thereof.

"Arm's Length transaction" shall have the meaning ascribed to such terms under section 188 of the Act.

"Associate Company" shall have the meaning ascribed to such terms under sub-section (6) of Section 2 of the Act.

"Audit Committee or Committee" Audit Committee is the Committee which is constituted by the Company pursuant to section 177 of the Companies Act, 2013 read with Companies (Meeting of Board and its Powers) Rules, 2014 and Regulation 18 of LODR.

Board" means Board of Directors of the Company.

"Body Corporate" shall have the meaning ascribed to such terms under sub-section (11) of Section 2 of the Act.

"Control" shall have the meaning ascribed to such terms under sub-section (27) of Section 2 of the Act.

"Compliance Officer" means Company Secretary of the Company.

"Holding Company" in relation to one or more Companies means a Company of which such Companies are Subsidiary Company as per sub-section (46) of Section 2 of the Act.

"Key Managerial Personnel" ("KMP") shall have the meaning ascribed to such terms under sub-section (51) of Section 2 of the Act.

“Material Related Party Transaction” shall have the meaning ascribed to such terms under Regulation 23 (1) read with 23 (1A) of the LODR.

“Materiality Threshold” means limits for Related Party Transactions beyond which the Shareholder’s approval will be required as specified in Act and rules thereof and amendments thereto.

“Net Worth” shall have the meaning ascribed to such terms under sub-section (57) of Section 2 of the Act.

“Related Party” shall have the meaning ascribed to such terms under Regulation 2 (1) (z b) of the LODR and under sub-section (76) of Section 2 of the Act.

“Relative” shall have the meaning ascribed to such terms under sub-section (77) of Section 2 of the Act and under Regulation 2 (1) (z d) of the LODR.

“Related Party Transactions” shall have the meaning ascribed to such terms under Regulation 2 (1) (z c) of the LODR and under section 188 of the Act.

“Securities” means the Securities as defined in clause (h) of Section 2 of the Securities Contracts (Regulations) Act, 1956.

“Subsidiary Company” or “Subsidiary”, in relation to any other Company (that is to say a Holding Company), as per the sub-section (87) of Section 2 of the Act means a Company in which the Holding Company

- (i) Controls the composition of the Board of Directors, or
- (ii) Exercises or controls more than 1/2 (one-half) of the total voting power either at its own or together with one or more of its Subsidiary Companies.

“Office or Place of Profit” shall have the meaning ascribed to such terms under Section 188 of the Act.

“Ordinary course of business” if transactions satisfy any of the following criteria, such transactions will be generally in the ordinary course of business:

- I. The Memorandum of Association of the Company should cover such transaction;
- II. There are previous instances of the Company having carried out such transaction;
- III. These transaction are frequent over a period of time;
- IV. The transaction should be in furtherance of the business objectives of the Company;
- V. The transactions are incidental to Company’s business and part of standard industry practice or but for which the business would be adversely affected. This is not exhaustive criteria and the Audit Committee of the Company shall assess each transaction considering its specific type, nature, value and circumstances.

4. Interpretations:

In case of any dispute or difference upon the meaning/interpretation of any provision in the Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such terms/ provision, the Audit

Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

5. **Approving Authority:**

A) Approval of Audit Committee:

All RPT's shall be referred to the Audit Committee for prior approval, irrespective of its materiality, whether at a meeting or by passing of a circular resolution.

The Audit Committee shall also approve any subsequent modification of RPTs. Further, any variations against the pre-approved transactions will be placed before the Audit Committee for ratification.

Related Party Transactions with the wholly owned subsidiaries are exempted from any approval requirement and would require only periodical reporting, preferably on quarterly basis.

Omnibus Approval: The Audit Committee may also grant omnibus approval for the Related Party Transactions proposed to be entered into by the Company, which are routine and repetitive in nature, if the transactions satisfy the following conditions:

- I. Such Related Party Transactions are repetitive in nature.
- II. Specific need of such omnibus approval i.e. the transactions are in the best interest of the Company.

In terms of Regulation 23 (3) of the LODR, the Audit Committee may grant omnibus approval for the Related Party Transactions proposed to be entered into by the Company and such omnibus approval shall specify (a) the name/s of related party, (b) nature of transaction, (c) duration/period of transaction, (d) maximum amount of transaction that can be entered into, (e) the indicative base price/ current contracted price and the formula for variation in the price, if any and (f) such other conditions as Audit Committee may deem fit.

Where the need for Related Party Transactions cannot be foreseen and the aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rupee One (1) crore per transaction.

In terms of Regulation 23 (3) (b) of the LODR, the Audit Committee may grant omnibus approval for the Related Party Transactions proposed to be entered into by the Company only after satisfying itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.

In terms of Regulation 23 (3) (e) of the LODR, the omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

In case any member of the Committee is interested in any potential Related Party Transactions, such member shall abstain from voting when such transaction is being considered.

The Audit Committee for the purpose of the omnibus approval shall take into account the **Criteria specified by the Board under rule 6A of the Companies (Meetings of Board &**

its Powers) Rules, 2014 and the Regulation 23 (3) of the LODR. Accordingly, the Board has, at its meeting held on 30.03.2019 specified the following criteria which has been part of this policy:

S. No.	Particulars	Criteria
a)	Maximum value of transactions, in aggregate, which can be allowed under the omnibus route in a year	Rs. 1 (One) Crore
b)	The Maximum value per transaction which can be allowed	Rs. 10 (Ten) Lacs
c)	Extent and manner of disclosure to be made to the Audit Committee at the time of seeking omnibus approval	a) Name of the related parties; b) nature and duration of transaction; c) maximum amount of transaction that can be entered into; d) the indicative base price or current contracted price and the formula for variation in the price, if any; and, e) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.
d)	Review, at such intervals as the Audit Committee may deem fit, Related Party Transactions entered into by the company pursuant to each of the omnibus approval made.	Quarterly
e)	Transactions which cannot be subject to the omnibus approval by the Audit Committee	Omnibus approval shall not be made for transaction in respect of selling or disposing of the undertaking of the company.

The Audit Committee shall review on a quarterly basis the details of Related Party Transactions entered into by the company pursuant to omnibus approval.

B) Approval of Board of Directors:

All material Related Party Transactions which are subject to the approval of the shareholders of the Company shall require the approval of the Board at a meeting thereof. Further, all Related Party Transactions which are not in the ordinary course of business or not on an Arm's Length Basis require the approval of the Board at a meeting thereof and require compliances prescribed under section 188 of the Act read with the Companies (Meetings of Board & its Powers) Rules, 2014, as amended, from time to time.

C) Approval of Shareholders of the Company:

All material Related Party Transactions under the LODR shall require approval of the shareholders by way of a resolution and all entities/ individuals falling under the definition of

“Related Parties” shall not vote to approve on such shareholder’s resolution, whether such entities/ individuals are a party to the transaction or not.

6. Deemed Approval:

The transactions or arrangements which are specifically dealt under the separate provision of the Law and executed under separate approvals/procedures from relevant competent authority or committee shall be deemed to be approved under this policy. Such transaction are enumerated below:

- a) Appointment and payment of remuneration, including any variations thereto, to Key Managerial Personnel pursuant to the Nomination and Remuneration Committee approval.
- b) Payment of remuneration, fee, commission, etc. to directors pursuant to the Nomination and Remuneration Committee approval.
- c) Share based incentive plans for the benefits of Directors or KMP pursuant to shareholders including ESOP.
- d) Any benefits, interest arising to Related Party solely from the ownership of Company shares at par with other holder, for example, dividends, right issues, stock split or bonus shares approved by the Nomination and Remuneration Committee or any other Board composed committee.

7. Ratification of the Related Party Transaction:

Where any contract or arrangement is entered into by a Director or employee of the Company with the Related Party without obtaining the consent of the Board or approval of Shareholders, and if the same is not ratified by the Board or Shareholders, as the case may be within 3 (three) months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, at the option of the Shareholder.

8. Reporting of Related Party Transaction:

The Company is required to disclose in its annual financial statements and director’s report, certain transactions between the Company and its Related Parties. This policy will be disclosed under a separate section on the website of the Company.

9. Arm’s Length:

Any transaction which is sale/purchase of goods, or availing/rendering of services, in the normal course of business would be levied upon at cost plus appropriate margin.

Contract/ arrangements with Company’s subsidiaries and group companies would result in Related Party Transactions. Generally such Contract/ arrangements would be in the ordinary course of business. Once such Contract/ arrangements are approved by the Audit Committee, transactions arising out of same would not be subject to evaluation when they are executed.

10. Procedure:

CFO of the Company will refer the Related Party Transactions to the Audit Committee for such approval and material Related Party Transactions to the Board for its approval. Material RPTs after approval of the Board shall be taken up for approval of shareholders at a general meeting.

CFO of the Company will bring the deviations, to the Audit Committee/Board for ratification.

11. Policy Review:

Where the terms of this Policy differs from any existing or newly enacted law, rules, regulation or standard governing the Company , the law, rules, regulation or standard will take precedence over this Policy and procedures until such time as this Policy is changed to conform the law, rules, regulation or standard.

12. Amendments:

The Company may amend this Policy as and when it deems necessary either pursuant to any change in law or otherwise. The Company shall be free to devise and implement any supplementary or other policies and guidelines in respect hereof for better implementation of this Policy.

13. Disclosure:

In terms of Regulation 23 of the LODR, the Company shall, in relation to a related Party, make the following disclosures:

- Details of Related Party Transactions during the quarter shall be disclosed in the Audit Committee Meeting. The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval, if any
- Details of all material transactions with related parties are to be disclosed quarterly along with the compliance report on corporate governance.
- The Company shall disclose the contract or arrangement entered into with the Related Party in the Board report to the shareholder.

14. Dissemination of the Policy:

The approved Policy shall be uploaded under a separate section on the website of the Company in “Investors Corner” section.

For Apex Capital Markets Ltd

**Kamal Kishore Lalwani
(Chairman & Managing Director)**