

# FUTURISTIC SECURITIES LIMITED

## RELATED PARTY TRANSACTION POLICY

### 1. Preamble

The Board of Directors (the "Board") of Futuristic Securities Limited (the "Company"), has adopted this policy and procedures regard to Related Party Transactions as defined below 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 requirements of Section 188 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges in India. 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. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

### 2. Purpose

This Policy is intended 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.

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

**"Audit Committee or Committee"** means Committee of Board of Directors of the Company constituted under provisions of Clause 49 of the Listing agreement and section 177 of the Companies Act, 2013.

**"Board"** means Board of Directors of the Company as defined under the section 2(10) of the Companies Act, 2013.

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

**"Key Managerial Personnel"** means key managerial personnel as defined under section 2(51) of the Companies Act, 2013 and its includes:-

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Chief Financial Officer;
- (iii) the Company Secretary;
- (iv) the Whole-time Director
- (v) Such other officers as may be prescribed;

**"Material Related Party Transaction"** means a transaction as defined as material in Clause 49(VII)(C) of the Listing Agreement or any other law or regulation including any amendment or modification thereof, as may be applicable.

**"Policy"** means Related Party Transaction Policy.

**"Transaction"** with a related party shall be construed to include a single transaction or a group of transactions.

**"Related"** means an entity shall be considered as related to the Company if:

1. Such entity is a related party under Section 2(76) of the Companies Act, 2013; or
2. Such entity is a related party under applicable accounting Standards.

**"Related Party Transaction"** means any transaction between the Company and any Related Party which is a transfer of resources, services or obligations, regardless of whether a price is charged and includes-

- 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 the 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;

- g. Underwriting the subscription of any securities or derivatives thereof, of the Company;
- h. Deputation of employees.

(The above is an indicative list and not an exhaustive one)

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

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

#### **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. Further, all Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolutions.

##### **4.1 Identification of related party transactions**

Every Director and Key Managerial Personnel will be responsible for providing a declaration in the format as per Annexure 1 containing the following information to the Compliance Officer on an annual basis:

- i. Names of his / her Relatives;
- ii. Partnership firms in which he / she or his / her Relative is a partner;
- iii. Private Companies in which he / she is a member or Director;
- iv. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
- v. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
- vi. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Every Director and the Key Managerial Personnel will also be responsible to update the Compliance Officer of any changes in the above relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes.

The Compliance Officer shall be responsible to maintain an updated database of information pertaining to Related Parties reflecting details of –

- (a) All Directors and Key Managerial Personnel;
- (b) All individuals, partnership firms, companies and other persons as declared and updated by Directors and Key Managerial Personnel;
- (c) Company's holding company, subsidiary companies and associate companies;
- (d) Subsidiaries of holding company;
- (e) Director or Key Managerial Personnel of the holding company or their Relatives;
- (f) All Group entities; and
- (g) Any other entity which is a Related Party as defined under Section 2(76) of the Companies Act, 2013 read with Clause 49 of the Listing Agreement or the relevant Accounting Standard.

The database shall be updated whenever necessary and shall be reviewed at least once a year jointly by the Compliance Officer and Chief Financial Officer. The functional / business heads / Chief Financial Officer / Compliance Officer / shall have access to the updated database.

Every Director, Key Managerial Personnel, Functional / Business heads / Chief Financial Officer will be responsible for providing prior Notice to the Compliance Officer of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Board / Committee may request, for being placed before the Committee and the Board.

The suggested details and list of records and supporting documents which are required to be provided along with the Notice of the proposed transaction are provided in Annexure 2 to this Policy.

The Compliance Officer in consultation with the Chief Financial Officer may refer any potential related party transaction to any external legal/transfer pricing expert and the outcome or opinion of such exercise shall be brought to the notice of the Audit Committee. Based on this Notice, the Compliance Officer will take it up for necessary approvals under this Policy.

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 matter 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.

#### **4.2 Procedures for review and approval of Related Party Transactions**

- (a) All Related Party Transactions or changes therein must be reported by the Chief Financial Officer, Head of Accounts Department, and to the Compliance Officer and referred for prior approval by the Audit Committee in accordance with this Policy.
- (b) The Audit Committee will undertake an evaluation of the Related Party Transaction. If that evaluation indicates that the Related Party Transaction would require the approval of the Board, or if the Board in any case elects to review any such matter, the Audit Committee will report the Related Party Transactions, together with a summary of material facts, to the Board for its approval.
- (c) If the Board is of the view that the Related Party Transaction needs to be approved at a general meeting of the shareholders by way of a special resolution pursuant to Companies Act, 2013 and any other applicable law, the same shall be put up for approval by the shareholders of the Company.
- (d) If prior approval of the Audit Committee / Board / general meeting for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee and the Board / general meeting, if required, within 3 months of entering in the Related Party Transaction.

- (e) In any case where either the Audit Committee/ Board / a general meeting determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee or Board or the general meeting, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation of the transactions, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee/ Board has authority to modify or waive any procedural requirements of this Policy.
- (f) In determining whether to approve or ratify a Related Party Transaction, the Audit Committee/ Board will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favorable than terms generally available to an unaffiliated third- party under the same or similar circumstances and the extent of the Related Person's interest in the transaction.
- (g) No director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the director / Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee/ Board.
- (h) If a Related Party Transaction will be ongoing, the Audit Committee may establish guidelines for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be in respect of transactions which are repetitive in nature.
- (i) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- (j) The omnibus approval shall specify
  - (i) Name/s of the related party,
  - (ii) Nature of transaction,
  - (iii) Period of transaction,
  - (iv) Maximum amount of transaction that can be entered into,
  - (v) Indicative base price / current contracted price and formula for variation in the price if any and
  - (vi) such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee.

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. 1,00,00,000 (One Crore Only) per transaction

- (k) Thereafter, the Audit Committee, shall review atleast on a quarterly basis, the details of RTPs entered into by the Company pursuant to each of the omnibus approval given.
- (l) The omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- (m) In addition, the Audit Committee/ the Board may review any Related Party Transactions involving independent directors as part of the annual determination of their independence.
- (n) Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

#### 4.3 Standards for Review

A Related Party Transaction reviewed under this Policy will be considered approved or ratified if it is authorised by the Audit Committee/Board, as applicable, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction. As appropriate for the circumstances, the Audit Committee or Board, as applicable, shall review and consider.

- (a) the Related Party's interest in the Related Party Transaction;
- (b) the approximate amount involved in the Related Party Transaction;
- (c) the approximate amount of the Related Party's interest in the transaction without regard to the amount of any profit or loss;
- (d) whether the Related Party Transaction was undertaken in the ordinary course of business of the Company;
- (e) whether the transaction with the Related Party is proposed to be, or was, entered on an arms' length basis;
- (f) the purpose of, and the potential benefits to the Company from the Related Party Transaction;
- (g) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transaction, if any;

- (h) Whether the Related Party Transaction includes any potential reputational risk issues that may arise as a result of or in connection with the Related Party Transaction
- (i) Whether the Related Party Transaction would impair the independence of an otherwise independent director or nominee director;
- (j) 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 would be detrimental to the Company;
- (k) Whether the Related Party Transaction would present an improper conflict of interest, as per provisions of law, for any director or Key Managerial Personnel, taking into account the size of the transaction, the overall financial position of the Related Party, the director or indirect nature of the Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee/Board deems relevant.
- (l) Required public disclosure, if any ; and
- (m) Any other information regarding the Related Party Transaction or the Related Party in the context of the proposed transaction that would be material to the Audit Committee/ Board/ shareholders, as applicable in light of the circumstances of the particular transaction.

The Audit Committee/Board will review all relevant information available to it about the Related Party Transaction. The Audit Committee/Board, as applicable, may approve/ ratify/ recommend to the shareholders, the Related Party Transaction only if the Audit Committee/Board, as applicable, determines in good faith that, under all of the circumstances, the transaction is fair as to the Company. The Audit Committee/ Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction.

#### **4.4 Determination of Ordinary Course of Business**

"In the Ordinary Course of Business" means all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing of guarantees or collaterals, in the normal routine in managing trade or business and is not a standalone transaction. The Company should take into account the frequency of the activity and its continuity carried out in a normal organised manner for determination what is in the ordinary course business.



All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, which are not in the Ordinary Course of Business or not at Arms' Length shall also require the prior approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

#### **4.5 Determination of Arms' length nature of the Related Party Transaction**

##### **(a) Price Determination**

At the time of determination the arms' length nature of price charged for the Related Party Transaction, the Audit Committee shall take into consideration the following:

- (i) Permissible methods of arms' length pricing as per applicable law including such prices where the benefits of safe harbour is available under applicable law.
- (ii) For the said purposes the Audit Committee shall be entitled to rely on professional opinion in this regard.

##### **(b) Underwriting and Screening of arms' length Related Party Transaction**

- (i) A Related Party with whom the Related Party Transaction is undertaken must have been selected using the same screening /selection criteria/ underwriting standards and procedures as may be applicable in case of an unaffiliated party.
- (ii) The Chief Financial Officer shall produce evidence to the satisfaction of the Audit Committee for having applied the said procedure.

##### **(c) Related Party Transaction limits:**

- (i) The Related Party Transaction must be within the lower of the following transaction limits with respect to any Related Party :
  1. Limits on Material Related Party Transactions; and
  2. Expected transaction volumes based on past transactions with Related Parties using linear rate of growth as evidence by past data.
- (ii) Credit limits extended to the Related Party must be usual as for unaffiliated parties.

If the Audit Committee is of the opinion that the Related Party Transaction meets the aforesaid criteria of Ordinary Course of Business and the Arms' Length nature, the Related Party Transaction will not be treated as a Related Party Transaction for the purpose of this Policy.

#### **4.6 Disclosures**

- (a) The Company is required to disclose Related Party Transactions in the Company's Board's Report to shareholders of the Company at the Annual General Meeting.
- (b) Details of all Material Related Party Transactions shall be disclosed quarterly along with Company's Compliance Report on Corporate Governance, in accordance with the Listing Agreement.
- (c) The Company is also required to disclose this Policy on its website and also in the Annual Report of the Company.
- (d) The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party.

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

#### **4.7 Scope Limitation**

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

#### **4.8 Dissemination of Policy**

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the intra-net and website of the Company.

## Annexure 1

### NOTICE OF INTEREST BY DIRECTOR / KEY MANAGERIAL PERSONNEL

To,  
The Compliance Officer  
Futuristic Securities Limited

Dear sir,

A. I, ....., son/daughter/spouse of....., resident of....., holding.....Shares (equity or preference) of Rs. 10/- each (.....percent of the paid-up Capital) in the Company in my name, being a .....in the Company, hereby give notice that I am interested directly/through my Relatives (schedule) in the following company or companies, body corporate, firms or other association of individuals:

Sr. No.	Name of the Companies/Bodies Corporate/Firms/ Association of individuals	Nature of interest or concern / Change in Interest or Concern	Shareholding	Date on which interest or Concern arose/changed

B. The Following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions;

Sr. No.	Name of the Body Corporate

C. I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity).

Sr. No.	Name of the person	Relation

SCHEDULE

LIST OF RELATIVES

No.	Relationship	Full Name	Address	Shareholding in Futuristic Securities Limited
1	Spouse			
2	Father (including Step-Father)			
3	Son (including Stepson)			
4	Daughter			
5	Daughter's Husband			
6	Brother (including Step-Brother)			
7	Sister (including Step-Sister)			
8	Mother (including Step-Mother)			
9	Son's Wife			
10	Members of HUF			

## ANNEXURE 2

### INFORMATION TO BE PROVIDED TO THE AUDIT COMMITTEE / BOARD IN RELATION TO THE PROPOSED RELATED PARTY TRANSACTION (TO THE EXTENT RELEVANT TO THE TRANSACTION):

1. Name of the Related Party and nature of relationship;
2. Nature and duration of the contract/transaction and particulars thereof;
3. Material terms of the contract or arrangement or transaction including the value, if any;
4. In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price / value and / or material terms of the contract or arrangement including a justification to the proposed variations;
5. Any advance paid / received or to be paid / received for the contract or arrangement, if any;
6. Manner of determining the pricing and other commercial terms, whether or not included as part of contract;
7. Copy of the draft MOU, agreement, contract, purchase order or correspondence etc. if any.
8. Applicable statutory provisions, if any;
9. Valuation reports in case of sale or purchase or leasing / renting of capital assets or securities;
10. Justification as to the arm's length nature of the proposed transaction;
11. Declaration whether the transaction is in the ordinary course of business;
12. Persons / authority approving the transaction; and
13. Any other information relevant or important for the Committee / Board to take a decision on the proposed transaction.