



MOTILAL OSWAL FINANCIAL SERVICES LIMITED

POLICY ON MATERIALITY AND DEALING WITH RELATED PARTY TRANSACTIONS

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VERSION DETAILS

Sr. No.	Details of Changes	Date of Creation / Change	Department	Author	Version Number	Approved By
1.	Original Document	19/07/2014	Corporate Secretarial	Samrat Sanyal	Ver. 1.0	Board of Directors
2.	Changes due to amendments in the regulatory provisions.	30/01/2015	Corporate Secretarial	Samrat Sanyal	Ver. 1.1	Board of Directors
3.	Changes due to amendments in the regulatory provisions i.e. Material threshold limit, exclusions, etc.	31/03/2019	Corporate Secretarial	Kailash Purohit	Ver. 1.2	Board of Directors
4.	Changes due to amendments in the regulatory provisions i.e. Material threshold limit as per Companies Act, 2013	22/01/2020	Corporate Secretarial	Kailash Purohit	Ver. 1.3	Board of Directors
5.	Changes due to amendments in the regulatory provisions i.e. Material modifications, expansion of purview of related parties and related parties transactions	01/04/2022	Corporate Secretarial	Kailash Purohit	Ver. 1.4	Board of Directors
6.	Changes due to amendments in the regulatory provisions	28/01/2025	Corporate Secretarial	Kailash Purohit	Ver. 1.5	Board of Directors

1. SCOPE OF THE POLICY

This Policy is prepared to ensure effective good corporate governance and specifically in accordance with the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (as amended from time to time) read with Section 188 and other applicable provisions of the Companies Act, 2013 for dealing with Related Party Transactions (“RPTs”), as applicable to the Company.

Accordingly, this Policy will be applicable to Motilal Oswal Financial Services Limited (“the Company” or “MOFSL”). This Policy is to regulate transactions by the Company or its subsidiaries with related parties of the Company or its subsidiaries, based on the laws and regulations applicable to the Company. Further, this Policy will also regulate transactions by the Company or its subsidiaries with any person/entity, the purpose and effect of which, is to benefit a related party of the Company or any of its subsidiaries.

2. OBJECTIVE

The Company recognizes that RPTs can present potential or actual conflicts of interest and may raise questions about whether such transactions are fair and on arm’s length basis. Therefore, this Policy on RPTs has been formulated as required by the Listing Regulations.

This Policy applies to any RPTs, unless the transaction is exempt.

3. DEFINITIONS

“**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder including any modifications, amendments, clarifications or re-enactments thereof.

“**Arm’s Length Transaction**” means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

“**Audit Committee**” or “**Committee**” means Audit Committee constituted by the Board of Directors of the Company under provisions of the Act and Listing Regulations.

“**Associate Company**” means any other company, in which the Company has a significant influence, but which is not a subsidiary company of the Company having such influence and includes a joint venture company.

“**Board**” means Board of Directors of the Company.

“**Company**” means Motilal Oswal Financial Services Limited.

“**Control**” shall have the same meaning as defined in the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (as amended from time to time).

“**Key Managerial Personnel**” or “**KMP**” means Key Managerial Personnel as defined under the Act.

“Material Related Party Transaction(s)” means a transaction(s) to be entered into with a Related Party, individually or taken together with previous transactions during a financial year, exceeding the following thresholds:

- i) In case of transaction(s) involving payments made with respect to brand usage or royalty, if it exceeds 5% of the Annual Consolidated Turnover of the Company as per the last Audited Financial Statements of the Company.
- ii) In case of any other transaction(s), if the transaction amount 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.

“Material Modifications” means the following modifications:

- A variation in the value of the transaction/contract as originally approved, by 25% or more.
- The terms of the contract cease to be at arms’ length.
- Granting of any waiver, abatement or any other relief to either party, which results into a financial implication equal to 25% or more of the value of the contract.
- Extension of tenure of the contract by more than 2 years over the original tenure, or continuation of the contract or arrangement beyond the tenure originally agreed upon, except for completion of any residual performances.

“Ordinary Course of Business”: The Company has and shall identify RPTs in accordance with Section 188 of the Act and Regulation 2 (1) (zc) of the Listing Regulations. The Company has also formulated criteria for determining whether transaction is in ordinary course of business and for this purpose, the Company shall seek external professional opinion, if necessary. While the ordinary course of business is not defined under the Act and/or Listing Regulations, it means usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake if:

- i. the Memorandum of Association of the Company permits such activity; or
- ii. it is historical practice and there is a pattern of frequency (and not an isolated transaction); or
- iii. it is required to be undertaken in order to conduct the routine or usual transactions of the Company; or
- iv. it is a common commercial practice.

“Policy” means Policy on Materiality and Dealing with Related Party Transactions.

“Related Party” is a person or any entity which is defined:

- i. under Section 2(76) of the Act;
- ii. under the applicable accounting Standards;
- iii. any person or entity forming a part of the Promoter or Promoter Group of the Company; or
- iv. any person or any entity holding Equity Shares of 10% or more in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Act, at any time, during the immediate preceding financial year.

“Related Party Transaction” or **“RPT”** means any transaction involving transfer of resources, services or obligations between:

- i) a Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; and
- ii) a Company 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 Company or any of its subsidiaries;

regardless of whether a price is charged and includes the following transaction(s):

- i. sale, purchase or supply of any goods or materials;
- ii. selling or otherwise disposing of, or buying, property of any kind;
- iii. leasing of property of any kind;
- iv. availing or rendering of any services;
- v. appointment of any agent for purchase or sale of goods, materials, services or property;
- vi. such related party’s appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- vii. underwriting the subscription of any securities or derivatives thereof, of the company;

Explanation - A “transaction” with a related party shall be construed to include single transaction or a group of transactions in a contract.

However, the transactions that are excluded from the definition of RPTs, as laid down in succeeding point below namely Exclusions from the purview of Related Party Transaction, will not be considered as RPTs for the purpose of this Policy.

“Relative” means relative as defined under the Act which 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;
- viii. Daughter’s husband;
- ix. Brother (including step-brother); and
- x. Sister (including step-sister).

“Senior Management” means officers and personnel of the Company who are members of its core management team, excluding the Board of Directors, and shall comprise of all members of management one level below the Chief Executive Officer/Managing Director/ Whole-time Director/Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the persons identified and designated as Key Managerial Personnel, other than the Board of Directors, by the Company.

Note for the above definition: Members of management one level below shall mean Business Head(s) and Functional Heads reporting to Managing Director & Chief Executive Officer.

Any other term not defined herein shall have the same meaning as defined in the Act, Listing Regulations, Securities Contracts (Regulation) Act, 1956 or any other applicable laws or regulations.

4. PROCEDURE FOR IDENTIFICATION OF RELATED PARTY TRANSACTIONS

- i. In accordance with the provisions of Section 189(2) of the Act, all Directors and KMPs shall, within a period of 30 days of his/her appointment, or relinquishment of his/her office, as the case may be, disclose to the Company, the particulars relating to his/her concern or interest in the other associations/entities in Form MBP-1.
- ii. In accordance with the provisions of Section 184(1) of the Act, all Directors shall inform the Company of their interest (including interest of their Relatives) in other companies, firms or concerns at the first meeting of the Board of every financial year and any change in such interest during the year in Form MBP-1.
- iii. The Board shall record the disclosure of interest and Audit Committee will determine whether the transaction is in the ordinary course of business and on an arm’s length basis.
- iv. The Company shall also obtain information from its subsidiaries on quarterly basis.

5. APPROVAL OF RELATED PARTY TRANSACTIONS

Approval of RPTs by the Audit Committee:

- i. The Audit Committee shall be responsible for the granting prior approval for all RPTs and subsequent material modifications thereof. The Audit Committee may approve/ratify modifications of RPTs which are not material in nature.

Only those Members of the Audit Committee, who are Independent Directors, shall approve RPT(s).

- ii. In case of a RPT to which the subsidiary of a Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the Annual Standalone Turnover, as per the last Audited Financial Statements of the subsidiary.

- iii. All the transactions which are identified as RPT(s) must be referred to the Audit Committee for approval in accordance with this Policy and shall be subject to review and except transactions for which omnibus approval has been obtained from the Audit Committee. The Audit Committee shall consider all relevant factors while deliberating RPT(s) for its approval.
- iv. Any Member of the Audit Committee who has a potential interest in any RPT(s) will recuse himself/herself from the Meeting and shall abstain from discussion and voting on the approval of RPT(s).
- v. The Audit Committee will be provided with all relevant material information of RPT(s), including the terms of the transaction, the business purpose of the transaction, the benefits to the Company/Related Party, if any, and any other relevant matters as specified under the Act and Listing Regulations.
- vi. The Audit Committee shall after considering the documents/information and materials placed before them for approval in accordance with applicable law, judge if the transaction is in the ordinary course of business and meets the arm's length requirements.
- vii. In determining whether to approve, ratify, disapprove or reject a RPT, the Audit Committee shall take into account all the factors it deems appropriate.
- viii. The Audit Committee shall review all the transactions with related parties on a quarterly basis as applicable as per the provisions of applicable laws.
- ix. The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.
- x. The Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the Company or its subsidiary(ies) subject to the following conditions:
 - a. The Audit Committee shall grant omnibus approval in respect of transactions which are repetitive in nature;
 - b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
 - c. Such omnibus approval shall specify:
 - (i) the name(s) of the related party, nature of transaction, duration 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 information as required in terms of the Act and Listing Regulations, including any Circulars issued thereunder or as the Audit Committee may deem fit;Provided that where the need for RPT cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 Crore per transaction.
 - d. The Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company or its Subsidiary(ies) pursuant to each of the omnibus

- approval given;
- e. Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one financial year; and
 - f. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

Approval of RPTs by the Audit Committee through Resolution by Circulation:

In an unforeseen event where an RPT needs to be entered due to business exigencies between two Audit Committee Meetings, the Audit Committee may approve such RPT by passing a Resolution by Circulation, after satisfying itself that such transaction is in the interest of the Company.

Approval of RPTs by the Board of Directors:

- 1) When any transaction is executed with a Related Party pursuant to the provisions of the Act and does not meet any of the following conditions, it shall seek approval of the Board of Directors of the Company based on parameters as may be considered necessary and as required under law:
 - i. Arm's length basis and
 - ii. Ordinary course of business.
- 2) Transactions which are in ordinary course of business and at arm's length basis but which according to the Audit Committee's view requires the Board's approval.

Explanation: The Director interested shall not present during discussion on such RPT.

- 3) All material RPTs and subsequent material modifications excluding exempted transactions.

Approval of RPTs by Shareholders of the Company:

The following RPTs shall require prior approval of Shareholders of the Company by way of an Ordinary Resolution:

- i) All material RPTs and subsequent material modifications excluding exempted transactions;
- ii) RPTs as per the Act which do not satisfy any one of the following condition i.e. (a) are not in ordinary course of business or (b) not at arm's length basis and further exceeds the threshold limits as specified under the Companies (Meeting of Board and its Powers) Rules, 2014, as amended from time to time.

Provided, all persons falling under the definition of related party shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

While assessing a proposal put up before the Audit Committee/Board/Shareholders for approval, all disclosures shall be placed as per provisions applicable to the Company and various guidelines issued in this regard, from time to time.

Exemptions:

A transaction with related party shall be exempted from seeking requisite approvals as follows (hereinafter referred as the “exempted transactions”):

In accordance with the provisions of Section 188 of the Act, when any transactions with a related party is in ordinary course of business and arm’s length basis, RPT(s) shall not be necessitated to seek approval of the Board of Directors and Shareholders of the Company, except Material RPTs.

In accordance with the provisions of Regulation 23 of the Listing Regulations, the following RPTs are exempted from obtaining approval of the Audit Committee and Shareholders:

- a) 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.
- b) transactions entered into between two Wholly-Owned Subsidiaries of the Company, whose accounts are consolidated with such Holding Company and placed before the Shareholders at the General Meeting for approval.
- c) transactions to which the Listed Subsidiary is a party but the Company is not a party to such transaction, if Regulation 15(2) and 23 of the Listing Regulations are applicable to such Listed Subsidiary.

Explanation: For RPT(s) involving Unlisted Subsidiary(ies) of a Listed Subsidiary, the prior approval of the Audit Committee of the Listed Subsidiary shall be sufficient.

- d) Remuneration and sitting Fees paid by the Company or its subsidiary(ies) to its Director(s), Key Managerial Personnel, or Senior Management, excluding any individual who is a part of the Promoter or Promoter Group, shall not be subject to the approval of the Audit Committee, provided that such remuneration and sitting fees are not material in nature.

6. MATERIALITY THRESHOLDS FOR RELATED PARTY TRANSACTIONS

Nature of RPT	Materiality as per the Act	Materiality as per the Listing Regulations
Sale, purchase or supply of any goods or materials, directly or through appointment of agent.	10% or more of Turnover	All transactions with related party to be entered into individually or taken together with previous transactions during a financial year exceeds Rupees One Thousand Crore or
Selling or disposing of or buying of any kind property directly or through appointment of agent	10% or more of Net worth	
Leasing of property of any kind	10% or more of Turnover	
Availing or rendering of any services directly or through appointment of agents	10% or more of Turnover	

Nature of RPT	Materiality as per the Act	Materiality as per the Listing Regulations
Appointment to any office or place of profit in the company, its subsidiary company or associate company	Monthly remuneration exceeding Rs. 2.50 Lakhs	10% of the Annual Consolidated Turnover as per the last Audited Financial Statements, whichever is lower.
Remuneration for underwriting the subscription of any securities or derivatives thereof	Exceeding 1% of Net worth	
Any other transaction with related parties, other than those covered above, resulting in transfer of resources, obligation or services	-	
Net worth and turnover would be as per Audited Financial Statements of the preceding financial year.		
The Company has defined Material RPTs basis the thresholds defined in the Act and Listing Regulations, as amended from time to time.		

7. TREATMENT OF RELATED PARTY TRANSACTIONS WHICH ARE NOT APPROVED

In the event, the Company becomes aware of any RPT that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practical before the Audit Committee/Board/Shareholders, as may be required, in accordance with this Policy for review and ratification.

The Committee/Board/Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction and the Company shall take such action as the Audit Committee deems appropriate under the circumstances.

Further, the Members of the Audit Committee, who are Independent Directors, may ratify RPT(s) within a period of 3 months from the date of the transaction or at the immediately following Meeting of the Audit Committee, whichever is earlier, subject to the fulfillment of the following conditions:

- (i) The value of the RPT(s) ratified, whether entered into individually or collectively, during a financial year, shall not exceed One Crore Rupees;
- (ii) The transaction is not material in nature;
- (iii) The rationale for the inability to seek prior approval for the transaction shall be presented to the Audit Committee at the time of seeking ratification;
- (iv) The details of the ratified transaction shall be disclosed along with the RPT(s) disclosures to the Stock Exchanges; and
- (v) Any additional condition as specified by the Audit Committee.

In any case, where the Audit Committee/Board/Shareholders determines not to ratify RPT that has been commenced without approval, the Audit Committee/Board/Shareholders, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a RPT, the Audit

Committee/Board/Shareholders has authority to modify or waive any procedural requirements of this Policy.

Further, the failure to seek ratification for a transaction, including in case any transaction involving any amount not exceeding Rs. 1 Crore is entered into by a Director or Officer of the Company or any related party without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within 3 months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any Director or is authorised by any other Director, the Director concerned shall indemnify the Company against any loss incurred by it.

8. EXCLUSIONS FROM THE PURVIEW OF RELATED PARTY TRANSACTION

1. Issuance of specified securities on a preferential basis, subject to compliance of the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended from time to time).
2. Corporate actions ~~by the Company~~ which are uniformly applicable/offered to all Shareholders in proportion to their shareholding as stated below:
 - (i) payment of dividend;
 - (ii) sub-division or consolidation of securities;
 - (iii) issuance of securities by way of a rights issue or a bonus issue; and
 - (iv) buy-back of securities.
3. Retail purchases from the Company and its subsidiary(ies) made by its Director(s) or Employee(s) without establishing of a business relationship, and on terms that are uniformly applicable to all Employees and Directors.

Explanation - "Retail Purchases" would mean purchase/availment of products and services offered by the Company in the ordinary course of its stock broking business, or, in case of any related party transaction by any subsidiary, by such subsidiary in ordinary course of its business, through retail channels, that is to say, branches or business outlets through which the Company/subsidiary services its retail customers, on terms which are uniformly offered to all employees as per applicable policies of the Company/subsidiary, subject, however, to applicable regulations.

4. Appointment and payment of remuneration, including any variations thereto to Directors, KMPs and Senior Management, pursuant to the approval of the Nomination and Remuneration Committee ("NRC") of the Company.
5. Share based incentive plans including ESOPs, undertaken pursuant to the provisions of the Act and applicable SEBI Regulations, for the benefits of the Directors or KMP pursuant to approval of the Shareholders, Board and/or NRC of the Company, as may be applicable.
6. Contribution with respect to Corporate Social Responsibility ("CSR") to eligible entity(ies) pursuant to approval of the Board and/or CSR Committee.

7. Corporate restructuring activities involving related parties, undertaken pursuant to the provisions of the Act and applicable SEBI Regulations.
8. 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 received by the related party.

9. DISCLOSURES

The Company shall disclose the details of RPT(s) in the format prescribed by the SEBI on half yearly basis or at such intervals as may be prescribed by the SEBI from time to time.

The Company shall disclose details of RPT(s) as per applicable Accounting Standards in the Financial Statements of the Company.

The Company shall make such further disclosure of RPT(s) as may be prescribed by the Act or Listing Regulations or any other regulatory authority or statute from time to time in such format as may be prescribed.

The Policy on dealing with RPT(s) shall be uploaded on the Company's website.

10. REVIEW/REVISION OF THE POLICY

If at any point a conflict of interpretation/information between the Policy and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/directions issued by relevant authorities ("Regulatory Provisions") arises, then interpretation of the Regulatory Provisions shall prevail.

In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the Policy shall stand amended accordingly from the effective date specified as per the Regulatory Provisions. The Board and/or its Committee reserve(s) the right to alter, modify, add, delete or amend any of the provisions of the Policy.

The Policy will be reviewed at least once in every three years by the Board.