



AMC Repo Clearing Limited

Finance & Accounts Policy Materiality of Related Party Transactions

ARCL/F&A/POL/006

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Document Review and Approval

Revision History

Version	Author	Date	Revision
1.0	Mr. Natarajan Ramasamy	May 19, 2022	<ul style="list-style-type: none">Base
1.1	Mr. Vedant Kamulkar	May 12, 2023	<ul style="list-style-type: none">Added definition of Material Modification.
1.2	Mr. Vedant Kamulkar	May 17, 2024	<ul style="list-style-type: none">Amended as per SEBI LODR amendment 2023.<i>(Changes are highlighted in yellow)</i>
1.3	Mr. V. Narayanan Iyer	25-Mar-2026	<ul style="list-style-type: none">Annual Review

Approval Details

Sr. No.	Reviewer	Date Reviewed	Approved By	Approval Date
1	Board of Directors	19-May--2022	Board of Directors	19-May--2022
2	Board of Directors	12-May-2023	Board of Directors	12-May-2023
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Policy on Materiality of Related Party Transactions

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1 Background

This policy shall be called 'RPT Policy on materiality and dealing with related party transactions'.

2 Objective

AMC Repo Clearing Limited ("**ARCL**" or "**the Company**") is governed, amongst others, by the rules and regulations framed by Securities and Exchange Board of India ("**SEBI**"). Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR Regulations 2015**") requires every listed company to formulate a policy on materiality of Related Party Transactions ("**RPT**") and also on dealing with Related Party Transactions.

Accordingly, the Company has formulated this policy (Policy) on materiality of Related Party Transactions and on dealing with Related Party Transactions. This Policy regulates all transactions between the Company and its Related Parties.

The Board of Directors of the Company ("**Board**") on recommendation of the Audit Committee of the Company ("**Audit Committee**") shall review the Policy once in three years and may amend the same from time to time.

3 Definitions

"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.

"Audit committee" means the audit committee of the Board of directors of ARCL.

"Governing Board" means the Board of Directors of ARCL.

"Material related party transaction" means a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

4 Related Party

Related Party in relation to the Company means a party related with the Company in any of the ways as are laid down in section 2(76) of the Companies Act, 2013 and Regulation 2(1) (zb) of SEBI LODR Regulations 2015.

As per SEBI (LODR) Regulations, 2015, "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:

Provided that:

- a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- b) any person or any entity, holding equity shares:
 - a. of twenty per cent or more; or
 - b. of ten per cent or more, with effect from April 1, 2023;
- c) in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;

shall be deemed to be a related party:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

5 Related Party Transaction

Related party transaction means a transaction involving a transfer of resources, services or obligations between:

- 1 a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- 2 a listed entity 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 listed entity or any of its subsidiaries, with effect from April 1, 2023;

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:

Provided that the following shall not be a related party transaction:

- a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b) the following corporate actions 22[***] which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - a. payment of dividend;
 - b. subdivision or consolidation of securities;
 - c. issuance of securities by way of a rights issue or a bonus issue; and
 - d. buy-back of securities.
- c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:
- d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time.

Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.

- e) retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s).

6 Approval for Related Party Transactions

All related party transactions shall require prior approval of the audit committee of the listed entity. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

Provided further that:

- a) the audit committee of a listed entity shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;
- b) a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;
- c) a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;
- d) prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.

7 Process for Dealing with Related Party Transactions

- a) A list of all the related parties in relation to the Company shall be maintained by the Secretarial Department and Finance & Accounts department and updated from time-to-time.
- b) Every department, prior to entering into any contract or arrangement with any party, such department shall check with Secretarial Department and Finance & Accounts Department as to whether such party is a related party and such contract or arrangement is a related party transaction, as the case may be.
- c) The Secretarial Department and the Finance & Accounts Department shall, within a reasonable time of submission of details by the concerned department under clause (b) above, convey to the concerned department the approvals required if any for the contract/arrangement and approximate time within which such approval can be obtained.
- d) The secretarial department may ask for further information about the contract/ arrangement, if felt necessary, to determine the nature/type of transaction.
- e) The contract/arrangement shall not be entered in to without the necessary approval from the audit committee/Board/shareholders, if such prior approvals are necessary under the policy.
- f) The secretarial department shall arrange for the approval of the audit committee/Board/ Shareholders, as may be necessary and upon receipt of necessary approvals, convey the same to the concerned department.

8 Amendments

The Governing Board shall have the power to amend any of the provisions of this policy, substitute any of the provisions with a new provision or replace this policy entirely with a new policy.

9 Review

This Policy shall be reviewed by the Governing Board yearly and updated accordingly. Any subsequent amendment/modification in the listing Regulation and/or applicable Laws in this regard shall automatically apply to this policy.