

1 INTRODUCTION

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.

- i. 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.
- ii. 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.

"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.

"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.

"Related party transaction" in relation to the Company means a transaction which is:

- i. **a transfer of resources, services or obligations between:**
 - a) 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

b) a listed entity or any of its subsidiaries on one hand, and 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:

- i. 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;
- ii. the following corporate actions by the listed entity 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.
- iii. 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:

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).

- ii. **defined as a "related party transaction" under the relevant provisions of the Companies Act, 2013 or the SEBI LODR Regulations 2015 or any other related law, regulation, standard etc.**

In case of any conflict between this Policy and applicable law, the applicable law (as existing on the date of the concerned transaction) shall prevail.

4 APPROVAL OF RELATED PARTY TRANSACTIONS

- i. 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.

5 PROCESS FOR DEALING WITH RELATED PARTY TRANSACTIONS

- i. 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.
- ii. 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.
- iii. 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.
- iv. The secretarial department may ask for further information about the contract/ arrangement, if felt necessary, to determine the nature/type of transaction.
- v. 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.
- vi. 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.

6 AMENDMENTS

The Board of directors 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.

7 REVIEW

This Policy shall be reviewed by the 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.