

## **AMC Repo Clearing Limited**

### **POLICY ON MATERIALITY AND DEALING WITH RELATED PARTY TRANSACTIONS**

#### **INTRODUCTION**

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

#### **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.

- A. 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.
- B. 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.

#### **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** - 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.

**Material Modification** – Material Modification shall mean any variation in the value of the transaction/contract which has an impact on the transaction/contract in excess of 10% or more as originally approved.

**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:

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

(i) 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; or  
(ii) 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 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:

**b) a contract or arrangement with a related party with respect to-**

- 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:

**c) 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.

#### **APPROVAL OF RELATED PARTY TRANSACTIONS**

- (a) All related party transactions shall require prior approval of the audit committee. The approval of the audit committee can be granted by way of a circular resolution.
- (b) All material related party transactions shall require prior approval of the shareholders by a resolution and no related party shall vote to approve resolution whether the entity is a related party to the particular transaction or not;
- (c) In case of related party transaction which is not in the ordinary course of business or which is in the ordinary course of business but is not at arm's length basis, whether or not it is a material related party transaction, prior approval of the Board granted at the meeting of the Board and prior approval of the shareholders of the Company by a resolution, wherever required, shall be necessary.
- (d) In case of wholly-owned subsidiary, the resolution passed by the Holding Company shall be sufficient for the purpose of entering into the transactions between wholly-owned subsidiary and the Holding Company.
- (e) A related party transaction which is not a material related party transaction and which is in the ordinary course of the business and an arm's length basis shall only require the prior approval of the audit committee.
- (f) Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions or abstain from discussion and voting on Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.

#### **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 in to 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.

#### **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.

#### **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.