

ANANDRATHI

Anand Rathi Wealth Limited

Policy on Related Party Transactions

Contents

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|---|---|
| 1. Preamble..... | 1 |
| 2. Definitions | 1 |
| 3. Materiality of Related Party Transactions | 3 |
| 4. Dealing with Related Party Transactions | 4 |
| 5. Review of Related Party Transactions | 6 |
| 6. Omission of Prior approval of the Committee..... | 7 |
| 7. Authority to make Amendments | 7 |

Preamble

This Policy is prepared in accordance with the requirements under regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time, and in lines with section 188 of the Companies Act, 2013, as amended, and the rules made thereunder, which requires the Companies to have enhanced transparency and due process for approval of related party transactions.

Definitions

For the purposes of this policy:

“Audit Committee or Committee” shall mean a Committee of the Board of Directors of the Company constituted under provisions of Listing Regulations and Companies Act, 2013.

“Board” means Board of Directors of ARWL.

“Company or ARWL” shall mean Anand Rathi Wealth Limited, wherever it is referred to in the policy.

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

“Directors” shall mean the directors of ARWL.

“Key Managerial Personnel” shall mean key managerial personnel in relation to ARWL as defined under the Companies Act, 2013, as follows:

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Company Secretary;
- (iii) the Whole-time Director;
- (iv) the Chief Financial Officer;

“Material modification” shall mean & include any modification to an existing Related Party Transactions having variance of 40% of the existing limit, as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

“Ordinary Course of Business” shall mean a transaction which satisfies the following criteria:

- The Memorandum of Association of the Company covers such transaction;
- There are previous instances of the Company having carried out such transaction;
- These transactions are frequent over a period of time;
- The transaction should be in furtherance of the business objectives of the Company;
- The transactions, if not frequent, are important to the business objectives of the Company;
- Meets any other parameters / criteria as decided by the Board/Audit Committee from time to time.

“Policy” shall mean the Policy on Related Party Transactions of ARWL.

“Related Party” shall mean related party as defined in Listing Regulations, as follows:

An entity shall be considered as related to the company if:

- (i) such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) such entity is a related party 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:
 - (i) of 20% or more; or
 - (ii) of 10% or more, with effect from April 1, 2023;

in the Company 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.

“Related Party Transaction” shall mean a transaction involving a transfer of resources, services or obligations between:

- (i) the 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) the 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

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 by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. 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.”

“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)

“Shareholders” shall mean the shareholders of Anand Rathi Wealth Limited.

“Special Resolution” shall mean a resolution in which the votes cast in favour of the resolution, whether on a show of hands, or electronically or on a poll, as the case may be, by members who, being entitled so to do, vote in person or by proxy or by postal ballot, are required to be not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting.

Materiality of Related Party Transactions

- a) Any transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs.1000 crore or 10% of the annual consolidated turnover of the company as per the last audited financial statements of the Company, whichever is lower; or such other sum as may be prescribed under the Companies Act or SEBI Listing Regulations, as amended from time to time.
- b) Any transaction involving payments to a related party with respect to brand usage or royalty shall be considered material if the transaction to be entered into individually or taken together with previous transactions during a financial year which exceeds 5% of the annual consolidated turnover of the Company as per the last audited consolidated financial statements of the Company or such sum as may be prescribed under the Companies Act or SEBI LODR Regulations as amended from time to time.

Dealing with Related Party Transactions

a) Identification of Related Party Transactions-

It shall be the responsibility of the Directors and Key Managerial Personnel to provide to the Company, notice of their interest in any transaction proposed to be entered into by the Company, in which they are directly or indirectly interested and abstain from voting in the meeting of the Board and as the case may be at the meeting of the Shareholders in which the transaction is proposed to be approved.

b) Audit Committee Approval-

All Related Party Transactions, irrespective of whether they are material or not, shall be entered into only after the prior approval of the Audit Committee is obtained. Also, all subsequent material modifications of related party transactions shall require prior approval of the Audit Committee of the Company. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

Provided further that:

(a) a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company, 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 consolidated turnover, as per the last audited financial statements of the Company;

(b) with effect from April 1, 2023, a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company, 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.

In case any member of the Committee is interested in the transaction proposed for approval, the interested member shall abstain from voting and only the dis-interested members shall vote on the resolution.

For the purpose of the approval, the Company shall provide the Audit Committee with the following details in order to enable it to take a learned decision:-

1. The name of the related party and nature of relationship.
2. The nature, duration and particulars of the contract or arrangement in case the same have been finalised.
3. The material terms of the contract or arrangement including value, if any. If the same are not arrived at as on date of tabling of the transaction, the estimated/projected values.
4. Any other data, depending on the transaction, which would be relevant or important for the Committee to take a decision

Omnibus approval by Audit Committee:-

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this policy and such approval shall be applicable 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, period 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 conditions as the Audit Committee may deem fit

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 crore per transaction.

- d. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- f. In case any transaction involving any amount not exceeding Rs.1,00,00,000/- (Rupees One Crore) is entered into by a Director or Officer of the Company without obtaining the approval of the Audit Committee such transactions can be ratified by the Audit Committee within three months from the date of the transaction, and if it is not ratified, then such transaction shall be voidable at the option of the Audit Committee and if such 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.
- g. In case of transaction, other than transactions referred to in Section 188 of the Companies Act and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board.

c) Approval of the Board-

The following Related Party Transactions shall be subject to prior approval of Board of Directors:

- a) As per Section 188 of the Companies Act 2013, all transactions specified under the said Section, which are not in the ordinary course of business and / or not on arm's length basis.

b) Transactions which are not approved by the Audit Committee or in the opinion of the Audit Committee need special consideration / determination by the Board.

c) Transactions meeting the materiality threshold laid down in this Policy which is intended to be placed before the Shareholders for approval.

d) Approval of the Shareholders-

All Material Related Party Transactions and subsequent material modifications as defined by the Audit Committee, except those entered into by ARWL with its wholly owned subsidiaries, shall be entered into only after the prior approval Shareholders of the Company in which all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

Further, all Related Party Transactions, which are not in the Ordinary Course of Business or not executed at an arm's length basis, exceeding the threshold limits as may be prescribed under the Companies Act 2013 and the Rules made thereunder, shall also require the approval of shareholders.

In order to assist the shareholders to take an informed decision, the notice calling for the general meeting shall have the following details in the explanatory statement annexed to the resolution:

1. The name of the related party and nature of relationship.
2. The nature, duration and particulars of the contract or arrangement in case the same have been finalised.
3. The material terms of the contract or arrangement including value, if any. If the same are not arrived at as on date of tabling of the transaction, the estimated/ projected values.
4. Any other data, depending on the transaction, which would be relevant or important for the members to take a decision.

Provided that the above requirements shall not be applicable for:

- a) transactions entered into by ARWL with its wholly owned subsidiaries whose accounts are consolidated with ARWL 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 the Company and placed before the shareholders at the general meeting for approval.

Review of Related Party Transactions

All the Related Party Transactions shall be reviewed on a periodic basis by the Audit Committee and the Company shall provide the details of all such transactions to the Committee at its meeting at least once every quarter.

Omission of prior approval of the Committee

In the event of a case where any related party transaction/ transactions have been entered into without the prior approval of the Audit Committee, it shall be the prerogative of the Committee to:

- call for the all the details relevant to the transaction,
- consider and examine all the facts and circumstances with respect to the case and
- try and establish the reason for omission.

Once the Committee is satisfied with the facts and data produced before it, it shall then weigh in the options available to the Company, including ratification or termination of the transaction, and shall further take any action it deems appropriate.

Authority to make amendments

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

Any subsequent amendment/modification in the Listing Regulations or the Companies Act or any other applicable laws, direction or clarification by SEBI, provision of this Policy shall be read and implemented in context of such amended/modified or clarified positions.

The Audit Committee shall have the right to make recommendations to the Board with regards to any amendment to the policy and the Board shall have the power to make any amendments to the Policy as it deems fit from time to time in accordance with the above.

This policy shall be disclosed on the Company's website and the web link to the same shall be provided in the Annual Report.
