



Arman Financial Services Limited

POLICY FOR DETERMINING MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

(As approved by the Board of Directors on 08.02.2016)

1. OBJECTIVE

- a) To determine the “Materiality of Related Party Transaction” and to provide the Governance Framework to the Company.
- b) To establish transparency on the dealings with related parties and to prevent any conflict of interest in the implementation of transactions involving such related parties. Audit Committee of the board shall review the policy from time to time.

2. MATERIALITY OF RELATED PARTY TRANSACTION

Contracts / arrangements with a related party shall be considered as “material related party contracts / arrangements if the transactions during a financial year under such contracts / arrangements exceed 10% of the annual consolidated turnover as per the last audited financial statements or the threshold prescribed by SEBI Circular CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 or any amendment thereof and transactions exceeding certain thresholds, as specified under the Companies Act, 2013.

3. POLICY

- a) All related party contracts / arrangements shall be entered on arms' length basis.
- b) In exceptional circumstances, where permitted by law, related party contracts / arrangements may deviate from the principle of arm's length, after approval from Audit Committee.
- c) All related party contract / arrangements shall comply with the Companies Act, 2013.
- d) All related party contract / arrangements shall comply with Listing Agreement.
- e) All related party contract / arrangements shall comply with Accounting Standards.
- f) All domestic related party contracts / arrangements shall, wherever applicable, comply with Domestic Transfer Pricing Requirement under section 92BA of Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.

4. GOVERNANCE FRAMEWORK

- a) All Related Party transactions shall require prior approval of the Audit Committee. Transactions with wholly owned Subsidiaries are exempted from this requirement.

- b) Audit Committee may grant omnibus approval for Related Party transactions proposed to be entered into by the Company subject to the conditions mentioned in the Regulations. Audit Committee shall review, on a quarterly basis, the details of Related Party transactions entered into by the Company pursuant to the omnibus approval. Such omnibus approvals shall be valid for a period not exceeding one year.
- c) Any member of the Audit Committee who has a potential interest in any Related Party transaction will abstain from discussion and voting on the approval of the Related Party transaction.
- d) In the event such contract(s) or arrangement(s) is not in the ordinary course of business or not at arm's length, the Company shall comply with the provisions of the applicable regulations and obtain approval of the Board of Directors or its Shareholders, as applicable.

5. REPORTING OF RELATED PARTY TRANSACTIONS

- a) Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
- b) The Company shall maintain Register of Contracts as required under the applicable Regulations. The Company shall make appropriate disclosures on related party transactions as required under the Regulations.

6. POLICY REVIEW

This Policy shall be subject to review as may be deemed necessary by the Board of Directors /Administrative Committee.