



Arman Financial Services Limited

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

Revised on August 12, 2026

1. BACKGROUND AND SCOPE

- 1.1 Related party transactions (“RPTs”) can present a potential or actual conflict of interest which may be against the best interest of the Company and its shareholders.
- 1.2 The Company recognises that RPTs present potential or actual conflicts of interest and may raise questions about whether such transactions are in the interest of the Company and its shareholders.
- 1.3 Considering the requirements for identification, approval, documentation and disclosure of related party transactions under the Companies Act, 2013 (“Act”) read with the Rules framed thereunder and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), Arman Financial Services Limited (“the Company”) has formulated this Policy.
- 1.4 This Policy sets out the definition of material RPTs, the process for dealing with RPTs, and the approval mechanism.
- 1.5 This Policy has been adopted by the Board of Directors of the Company based on the recommendations of the Audit Committee and shall be reviewed at least once every three years or earlier if required due to regulatory changes.

2. OBJECTIVE

- 2.1 The Company is committed to upholding high standards of corporate governance and recognises that any transactions with parties related to the Board members, Key Managerial Personnel or Senior Management can present a risk of actual or apparent conflicts of interest.
- 2.2 The objective of this Policy is to:
 - define related parties and related party transactions;
 - prescribe clear materiality thresholds and the process framework for approval of RPTs;
 - ensure transparency, procedural fairness and full compliance with the Act, Listing Regulations, applicable Accounting Standards and the Industry Standards; and
 - protect the interests of the Company and its shareholders.

3. DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings ascribed to them hereunder. Words and expressions used but not defined in this Policy shall have the same meaning as assigned to them under the Act, the Listing Regulations, the SEBI Act, 1992, applicable Accounting



Arman Financial Services Limited

Standards or any other relevant legislation applicable to the Company, as amended from time to time.

- 3.1 **“Act”** means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- 3.2 **“Arm’s length basis”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- 3.3 **“Audit Committee” or “AC”** means the Audit Committee of the Board of Directors of the Company constituted under the Act and the Listing Regulations.
- 3.4 **“Board”** means the Board of Directors of the Company.
- 3.5 **“Company”** means Arman Financial Services Limited.
- 3.6 **“Control”** shall have the same meaning as defined under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- 3.7 **“Industry Standards”** means the Industry Standards on “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions” formulated by ASSOCHAM, CII and FICCI under the aegis of the Stock Exchanges and in consultation with SEBI, as amended from time to time (including the revised standards and the simplified Annexure-13A format).
- 3.8 **“Key Managerial Personnel” or “KMP”** means the Key Managerial Personnel of the Company as defined under the Act.
- 3.9 **“Listing Regulations”** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- 3.10 **“Material Modification”** means and includes any modification to an existing Related Party Transaction having a variance of more than 20% of the existing limit as approved by the Audit Committee, Board of Directors or shareholders (as the case may be), or any modification by which the transaction ceases to be in the ordinary course of business or on an arm’s length basis, or such other parameter as may be determined by the Audit Committee from time to time.
- 3.11 **“Material Related Party Transaction”** means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds the thresholds specified in Clause 4 of this Policy (aligned with Schedule XII of the Listing Regulations).
- 3.12 **“Ordinary course of business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per its Memorandum and Articles of Association. The Board and Audit Committee may lay down principles for determining ordinary course of business in accordance with statutory requirements and industry practices.



Arman Financial Services Limited

- 3.13 **“Related Party”** means a related party as defined under Regulation 2(1)(zb) of the Listing Regulations (including the expanded definition covering directors/KMPs of the listed entity or its subsidiary and their relatives), read with Section 2(76) of the Act and applicable Accounting Standards.
- 3.14 **“Related Party Transaction” or “RPT”** means a transfer of resources, services or obligations between: (a) 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 (b) 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 Company or any of its subsidiaries, 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, as defined under the Act and the Listing Regulations (including the expanded definition covering directors/KMPs of the listed entity or its subsidiary and their relatives).
- 3.15 **“Relatives”** means a relative as defined under the Act.
- 3.16 **“Subsidiary”** means a subsidiary as defined under the Act.
- 3.17 **“Senior Management”** means the personnel of the Company who are members of its core management team excluding the Board of Directors, and includes all members of management one level below the executive directors, as defined under the Listing Regulations.

4. MATERIALITY OF RELATED PARTY TRANSACTIONS

- 4.1 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 the following thresholds (as prescribed under Schedule XII of the Listing Regulations):

Consolidated Turnover of the Company (as per last audited financial statements)	Threshold
(I) Up to ₹20,000 Crore	10% of the annual consolidated turnover of the Company
(II) More than ₹20,000 Crore to up to ₹40,000 Crore	₹2,000 Crore + 5% of the annual consolidated turnover of the Company above ₹20,000 Crore
(III) More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover of the Company above ₹40,000 Crore or ₹5,000 Crore, whichever is lower



Arman Financial Services Limited

Explanation: For the purpose of computing the thresholds stated above, the annual consolidated turnover of the Company shall be determined based on the last audited financial statements of the Company.

- 4.2 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 exceeds five percent (5%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company (or such other threshold as may be prescribed under applicable law from time to time).
- 4.3 All Material RPTs and subsequent Material Modifications shall require prior approval of the shareholders of the Company.

5. POLICY

- 5.1 A related party transaction / contract / arrangement shall be in compliance with the provisions of the Act, Listing Regulations and applicable rules and regulations, as amended from time to time.
- 5.2 All related party contracts / arrangements shall be entered into on an arm's length basis.
- 5.3 Related party contracts / arrangements may deviate from the principle of arm's length basis only if specifically permitted by law and after obtaining prior approval of the Audit Committee, Board of Directors and shareholders, as may be required under applicable law.
- 5.4 All RPTs and subsequent Material Modifications shall require prior approval of the Audit Committee. All Material RPTs and subsequent Material Modifications shall require prior approval of the shareholders.
- 5.5 The minimum information to be furnished to the Audit Committee and/or shareholders shall be determined based on the value of the RPT (individually or cumulatively during the financial year, including ratified transactions) as per the threshold-based relaxation prescribed from time to time.
- 5.6 The Audit Committee shall determine, based on the facts and circumstances of each case, whether a RPT is in the ordinary course of business and whether it is on an arm's length basis.

6. PROCEDURE FOR DEALING WITH RELATED PARTY TRANSACTIONS

6.1 Disclosure by Directors and KMPs

Every Director shall, at the beginning of the financial year (and whenever there is any change), provide information by way of written notice to the Company regarding his/her concern or interest in any entity which may be regarded as a related party with respect to the Company, and shall also provide the list of relatives who are regarded as related parties. They shall also disclose any engagement with other entities during the financial year which may be regarded as related



Arman Financial Services Limited

parties under this Policy. Any Director or KMP who is interested in any Related Party Transaction shall not be present at the meeting of the Board or Audit Committee during discussions on the subject matter of the resolution relating to such transaction.

6.2 Review and Approval Mechanism

6.2.1 Audit Committee

- (a) All RPTs (regardless of whether they are in the ordinary course of business or on arm's length basis) and subsequent Material Modifications shall be pre-approved by the Audit Committee before entering into such transaction.
- (b) Only Independent Directors who are members of the Audit Committee shall approve RPTs and subsequent Material Modifications.
- (c) The Audit Committee shall consider, inter alia, the following factors while deliberating RPTs:
 - Name of the related party and nature of relationship;
 - Duration of the contract and particulars of the contract/arrangement;
 - Nature of transaction and material terms including value;
 - Manner of determining pricing to ascertain arm's length;
 - Business rationale;
 - Any other information relevant or important for taking a decision (including the minimum information prescribed under the Industry Standards).
- (d) Any member of the Audit Committee who has a potential interest in any RPT shall abstain from discussion and voting on the approval of such RPT.
- (e) Omnibus Approval: The Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the Company or its subsidiary subject to regulatory compliances.
- (f) Independent Directors who are members of the Audit Committee may ratify related party transactions within three months from the date of the transaction or in the immediate next Audit Committee meeting, whichever is earlier, in accordance with the provisions of the Act and the Listing Regulations.
- (g) The Audit Committee shall review on a periodical basis:
 - the RPTs undertaken during the period under consideration;
 - the year-to-date status of RPTs undertaken under omnibus approval granted by the Committee for the year; and
 - the status of long-term (more than one year) or recurring RPTs on an annual basis.
- (h) The Audit Committee or the Board may appoint external auditors/independent consultants to review material related party transactions from time to time.



Arman Financial Services Limited

6.2.2 Board of Directors

All Material RPTs, transactions which are not in the ordinary course of business or not on arm's length basis, and any other RPT where Board approval is required under law or where the Board elects to review the matter, shall be placed before the Board for approval. The considerations applicable to the Audit Committee shall apply mutatis mutandis to the Board. Any Director interested in any RPT shall abstain from discussion and voting.

6.2.3 Shareholder Approval

All Material RPTs and subsequent Material Modifications, and RPTs which are not in the ordinary course of business or not on arm's length basis (where required under the Act), shall require prior approval of the shareholders by ordinary resolution. No related party shall vote to approve such resolutions irrespective of whether the entity is a party to the particular transaction or not.

6.2.4 Transactions which do not require approval

Notwithstanding anything contained in this Policy, the following RPTs shall not require approval of the Audit Committee, Board or shareholders (to the extent permitted under applicable law):

- (a) Any transaction involving the providing of compensation to a director or Key Managerial Personnel in connection with his/her duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business;
- (b) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party;
- (c) Transactions entered into between the Company (as the listed entity) and its wholly-owned subsidiaries whose accounts are consolidated with the Company's accounts and placed before the shareholders at the general meeting for approval, provided the Company is the listed holding company.
- (d) Retail purchases of services/resources from the Company or its subsidiaries by directors, KMPs or their relatives, without establishing a business relationship and on terms uniformly applicable/offered to all employees, directors, KMPs and their relatives;
- (e) Such other transactions as may be exempted under the Act or the Listing Regulations from time to time.

6.3 Disclosure

- (a) Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.



Arman Financial Services Limited

- (b) The Company shall disclose this Policy on its website and a web-link thereto shall be provided in the Annual Report.
- (c) Quarterly disclosures of material related party transactions shall be made to the stock exchanges in the format specified by SEBI, along with the compliance report on corporate governance.
- (d) Such other disclosures as may be required under applicable laws (including Ind AS 24 and the Industry Standards) shall be made.

7. MONITORING, REVIEW AND AMENDMENT

- 7.1 The Audit Committee shall review on a periodical basis the RPTs undertaken during the period under consideration, the year-to-date status of RPTs under omnibus approval, and the status of long-term or recurring RPTs on an annual basis.
- 7.2 The Board may monitor, review and amend this Policy from time to time as also whenever necessitated due to amendments in the Act, Listing Regulations or any other applicable law. Any subsequent amendment/modification in the Act, Rules, Listing Regulations or other applicable laws shall automatically apply to this Policy.
- 7.3 The Board may amend this Policy consequent to changes in applicable laws and regulations.
- 7.4 This Policy (including the thresholds) shall be reviewed by the Board of Directors at least once every three years and/or when required and updated accordingly.
