A. K. CAPITAL FINANCE LIMITED

BUILDING BONDS

POLICY ON MATERIALITY & DEALING WITH RELATED PARTY TRANSACTIONS

Adopted/Amendment of the Policy	Board Meeting Date(s)
Adoption of the Policy	May 05, 2015
Amendment of the Policy	October 25, 2021
Amendment of the Policy	March 22, 2022
Amendment of the Policy	February 03, 2025
Amendment of the Policy	May 17, 2025
Amendment of the Policy (in line with the consolidation of directions/ circulars by RBI)	January 31, 2026

Last reviewed on 14th May, 2026

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1. PREAMBLE

A. K. Capital Finance Limited (the "**Company**" or "**AKCFL**") has adopted the following Policy and procedures with regards to Related Party Transactions. This Policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable on the Company.

2. PURPOSE AND OBJECTIVE OF THIS POLICY

This Policy is framed as per the requirement of Section 188 of the Companies Act, 2013 read with rules made thereunder and pursuant to the Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025 and other relevant Directions ("**RBI Directions**") . The Policy intends to ensure the proper approval and reporting of the transactions between the Company and its Related Parties. The Company is in compliance with various applicable laws and regulations in this regard and ensured that such transactions are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the financial statements transactions between the Company and its Related Parties as well as policy concerning transactions with Related Parties shall also form part of the Annual Report. The Policy shall apply to all Related Party Transaction(s), unless the transaction is exempt.

This Policy may be amended from time to time and is subject to
(i) Amendments to the Companies Act, 2013;
(ii) Consequential actions taken by the Board of Directors or the Audit Committee of the Company;

3. DEFINITIONS

i. **"*Act*"** means the Companies Act, 2013 read with rules made thereunder [including any amendments or re-enactments thereof].

ii. **"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.

iii. **"Audit Committee or Committee"** means Committee of Board of Directors of the Company constitutedunder provisions of Act.

iv. **"Board"** means Board of Directors of the Company.

v. "**Control**" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.

vi. "**Compliance Officer**" means an officer appointed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

vii. **"Key Managerial Personnel"** means key managerial personnel as defined under the Act and includes:-
   a) Managing Director, or Chief Executive Officer or Manager
   b) Whole-time Director;
   c) Company Secretary;
   d) Chief Financial Officer;
   e) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
   f) such other officer as may be prescribed from time to time.

viii. "**RBI Directions**" shall mean Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025 and other relevant Directions [including any amendments or re-enactments thereof]

ix. **"Ordinary course of business"** a transaction entered into by the Company which is not in an extra-ordinary course or in an unusual or abnormal nature, but in the regular routine of the business and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.

x. "**Policy**" means Policy on Materiality & Dealing with Related Party Transactions

xi. **"Related Party"** means related party is as follows:
   a) Such entity(ies) is a related party under Section 2(76) of the Companies Act,2013; and
   b) Such entity(ies) is a related party under the applicable accounting standards;

xii. **"Related Party Transaction"** means any transaction involving any Related Party with respect to:
   (a) sale, purchase or supply of any goods or materials;
   (b) selling or otherwise disposing of, or buying, property of any kind;
   (c) leasing of property of any kind;
   (d) availing or rendering of any services;
   (e) appointment of any agent for purchase or sale of goods, materials, services or property;
   (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
   (g) underwriting the subscription of any securities or derivatives thereof, of the company:

xiii. **"Relative"** means relative as defined under sub-section (77) of section 2 of the Act.

Any term(s) and or expression(s) not defined in this Policy shall have the same meaning as defined under the **Act**, and other applicable laws and/ or regulation.

Wherever appropriate in this Policy, a singular term shall be construed to mean the plural where necessary and a plural term the singular. Similarly, any masculine term shall also be construed to mean the feminine or any other gender and vice versa.

4. PROCEDURE FOR IDENTIFICATION, APPROVAL AND REVIEW OF RELATED PARTY TRANSACTIONS

The Company shall follow the following procedure with respect to entering into transactions with related parties:

A. Identification and Notification of Related Party Transactions:

i. Every Director or Key Managerial Personnel shall, within a period of thirty days of his/ her appointment, or relinquishment of his/her office in the other associations/entities, as the case may be, disclose to the Company the particulars relating to his concern or interest in the other associations/ entities.

ii. In accordance with the provisions of Section 184 of the Companies Act, 2013, every Director shall at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board Meeting held after such change, disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding.

iii. Each Director and Key Managerial Personnel and other related party shall promptly notify the Compliance Officer of any material interest that such person or relative of such person had, has or may have in a proposed transaction. The notice shall include a description of the transaction, manner of relation and the aggregate amount.

iv. The Compliance Officer shall promptly notify the Chairperson of the Audit Committee of the Board of any such disclosures by the Director or Key Managerial Personnel or any other transactions which are to be entered into with any Related Party.

v. Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

vi. The Company strongly prefers to receive such notice of any potential interest in the proposed transaction well in advance so that the Audit Committee/ Board has adequate time to obtain and review information about the proposed transaction.

B. Approval of Related Party Transactions:

i) <u>Approval of the Audit Committee</u>

All Related Party Transactions must be reported to the Audit Committee and referred for approval of the Audit Committee in accordance with this Policy. All Related Party Transactions shall require prior approval of Audit Committee.

The Company may obtain omnibus approval from the Audit Committee for such transactions proposed to be entered into by the Company subject to compliances with the following conditions:

a) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-
   (i) Repetitiveness of the transactions (in past or in future);
   (ii) Justification for the need of omnibus approval; and
   (iii) Whether the transaction(s) are proposed at arm's length basis.

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 contain the following–

   (i) The name/s of the related part(ies), nature of transaction(s), period of transaction(s), 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;
   (iii) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction

   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 INR 1 Crore per transaction.

d) Audit Committee shall review, atleast on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.

Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year. While assessing a proposal put up before the Audit Committee for approval, the Audit Committee may review seek the necessary information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not.

Omnibus approval cannot be granted for transactions involving selling or disposing of the undertaking of the Company.

ii) **Approval of the Board of Directors of the Company**

As per the provisions of Section 188 of Companies Act, 2013, all kinds of transactions specified under the said section and which are not in the ordinary course of business and at arm's length basis shall be placed before the Board for its approval.

Any member of the Board who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party transaction.

In addition to the above, the following kinds of transactions with Related Parties shall also be placed before the Board for its approval:

i. Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;

ii. Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/ or at arm's length basis and decides to refer the same to the Board for approval;

In case the Company is not doing similar transactions with any other non-related party, terms for similar transactions between other non-related parties of similar standing can be considered to establish 'arm's length basis'.

iii. Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.

iv. Transactions meeting the thresholds as per the applicable regulatory provisions, which are intended to be placed before the shareholders for approval.

iii) Approval of the Shareholders of the Company

All kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business and at arm's length basis; and (b) exceed the thresholds laid down in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 shall be placed before the shareholders for its approval.

The requirement for seeking shareholders' approval shall not be applicable to transactions between the Company and its wholly owned subsidiary/ies whose accounts are consolidated with the Company and

placed before the shareholders at the general meeting for approval.

C. RATIFICATION OF RELATED PARTY TRANSACTIONS

The members of the Audit Committee, may ratify Related Party Transactions within three months from the date of the transaction subject to the following conditions:

a. The value of the ratified transaction(s) with a related party, shall not exceed rupees one crore;
b. Rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification; and
c. Any other condition as specified by the Audit Committee or stipulated under law ;

Provided that failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

D. DISCLOSURES REQUIRED FOR APPROVAL OF RELATED PARTY TRANSACTIONS

a) BOARD / AUDIT COMMITTEE

i. To review a Related Party Transaction, the Board/ Audit Committee will be provided with all relevant material information of the Related Party Transaction:

a) The name of the Related Party and nature of relationship;

b) The nature, duration of the contract and particulars of the contract or arrangement;

c) The material terms of the contract or arrangement including the value, if any;

d) Any advance paid or received for the contract or arrangement, if any;

e) The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;

f) Whether all factors relevant to the contract have been considered; and

g) Any other information relevant or important for the Board/ Audit Committee to take a decision on the proposed transaction.

h) Such other information/ disclosures as may be required by statutory provisions to be mandatorily placed before the Board for their consideration.

ii. Factors to be considered for granting approval of a Related Party Transaction are as follows:

a) Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party; and are in the ordinary course of business;

b) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;

c) Whether the Related Party Transaction would affect the independence of an independent director.

d) Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;

e) Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company; and

f) Any other factors the Committee deems relevant.

b) SHAREHOLDERS:

i. Name of the Related Party;

ii. Name of the Director or Key Managerial Personnel who is related, if any;

iii. Nature of relationship;

iv. Nature, material terms, monetary value and particulars of the contract or arrangement;

v. Any other information relevant or important for the members to take a decision on the proposed resolution.

vi. Such other information/ disclosures as may be required by statutory provisions to be mandatorily placed before the shareholders for their consideration.

5. DISCLOSURE OF RELATED PARTY TRANSACTIONS

i. All the related party transactions entered into by the Company within the approved limits shall be placed before the Board/ Audit Committee on a quarterly basis for their noting.

ii. All Related Party Transactions shall be disclosed in the Board's Report along with details and justification for entering into such transaction in the prescribed format.

iii. Details of all related party transactions shall also be disclosed in the notes to the financial statements as per the applicable account standards.

iv. All Related Party Transactions in which Directors are interested as defined in Section 184 shall be entered in with all the relevant particulars in register maintained as per Form MBP-4 prescribed in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014.

v. Any other reporting shall be done as prescribed in applicable regulation.

6. REVIEW/ AMENDMENT OF THE POLICY

The Company may amend this Policy as and when deemed fit. This Policy shall subject to review by the Board, at least on an annual basis.

The Company shall reserve the right to review and make amendment to this Policy from time to time as it deems fit in accordance with the applicable laws, rules and regulations for the time being in force. In the event of any conflict between the provisions of this Policy and the Act, RBI Directions or any other statutory enactments, the provisions of such Act, RBI Directions, or other statutory enactments shall prevail over this Policy. An interim review and amendment can also be carried out to accommodate minor changes, if any, on regulatory and operating front by the Compliance Officer of the Company.

The Policy shall also be published on the official website of the Company and a web link thereto shall be provided in the Annual Report.

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