

MORARKA FINANCE LIMITED
POLICY ON RELATED PARTY TRANSACTIONS

(Amended as on 21.01.2026)

The Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 cast certain obligations in terms of compliances to be observed in relation to related party transactions. Basic purpose of regulations of related party provisions in the Companies Act, 2013 (hereinafter referred to as 'the Act') is that no company or its directors should take undue benefit of relationship for their personal gain.

The Board of Directors of Morarka Finance Limited ("the Board") has adopted following Policy and procedures with regards to Materiality of Related Party Transactions and dealing with Related Party Transactions of the Company with effect from 1st April, 2022.

This Policy aims to ensure compliance of the applicable provisions of the Companies Act, 2013 & Rules made there under ("the Act"), Indian Accounting Standard (IND AS) 24 and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 as amended or re-enacted from time to time ("Listing Regulations") and which relate to the identification of the Related Parties and governance & approval of the Related Party Transactions, wherever required.

This Policy regulates all transactions between the Company and its Related Parties.

Objectivity:-

Some of the reasons behind making the provision for the disclosure and/ or approval for any kind of transactions with related party are as follows:-

- 1) To formulate a Policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions including clear threshold limits duly approved by the Board of Directors. The regulation requires that the audit committee of Company shall define "material modifications" and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions.*
- 2) To get intimated about the relations to all the person considering its approval,*
- 3) To enlarge the competition,*
- 4) To get intimated the various government department and determine, "whether any notional/ undisclosed profit or transaction is not involved".*

As per Regulation 2(zb) of the Listing Regulations, a related party means:

a) A 'related party' as defined under Section 2(76) of the 2013 Act and the applicable accounting standards or Ind AS,

b) Any person or entity forming part of the 'promoter' or promoter group' of the listed entity (effective from 1 April 2022)

c) Any person or any entity, holding equity shares in the listed entity either directly or on a beneficial interest basis as prescribed under Section 89 the Companies Act, 2013 Act at any time during the immediately preceding financial year:

i. 20 per cent or more, or (effective from 1 April, 2022)

ii. 10 per cent or more (effective from 1 April, 2023).

As per Rule 3 of Companies (Specification of Definition details) Rules, 2014, following person shall be deemed to be a related party:

1. Director or KMP of the Holding Company
2. Relative of Director or KMP of the Holding Company

Section 2(77) "relative", with reference to any person, means anyone who is related to another, if—

(i) they are members of a Hindu Undivided Family;

(ii) they are husband and wife; or

(iii) one person is related to the other in such manner as may be prescribed;

Besides above, the following are considered relative(s) including the step relationship

Father,

Mother,

Son

Son's wife

Daughter

Daughter's husband

Brother

Sister

As per rule 2 (e) of Companies (Meetings of Board and its Powers) Rules, 2014. "Related party" means a director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.

As per section 184(1) every director is required to disclose his interest in other Companies, firms and also to disclose his shareholding above 2% in such company in form MBP-1. Further, as per section 184(2) every director who is interested directly or indirectly has to give disclosure in respect of contract or arrangement with body corporate in which such director or such director in association with any other director, holds more than two per cent shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate, or with a firm or other entity in which such director is a partner, owner or member, as the case may be.

As per Regulation 2(zc) of the Listing Regulations, Related party transactions means a transaction involving a transfer of resources, services or obligations between:

(i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or (with effect from April 1, 2022);

(ii) a listed entity 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) issue of specified securities on a preferential basis, under the SEBI (ICDR) Regulations, 2018;

(b) corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding i.e. payment of dividend; subdivision or consolidation of securities; issuance of securities by way of a rights issue or a bonus issue; and buy-back of securities.

(c) acceptance of FDs by banks/NBFCs 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.

(d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:

Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.

(e) retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s)

The related party under Companies Act, 2013 covers following transactions:

- (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

Materiality Threshold

In accordance with Regulation 23 of the Listing Regulations, 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 thresholds specified below:

Consolidated Turnover of Listed Entity Threshold	Threshold
(I) Up to ₹20,000 Crore	10% of the annual consolidated turnover of the listed entity
(II) More than ₹20,000 Crore to upto ₹40,000 Crore	₹2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore
(III) More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 Crore or ₹5000 Crores, whichever is lower.

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

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 (or such other limit as may be specified in the applicable Regulation as amended from time to time) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Material Modification

The Audit Committee defines what will constitute material modification on various factors considering the nature of the business and transactions executed by it. Some of such factors whether individually or in aggregate, may be considered after review and examination:

- change in overall transaction value of any related party transaction beyond 20% of the approved amount;
- extension in duration of any related party transaction contract beyond a period of 24 months from the agreed tenure;
- change in the gross annual/half yearly/quarterly/monthly turnover of the Company beyond 20% percentage of the immediately preceding period;
- such other criteria as may be prescribed by the Audit Committee on case-to-case basis.

Further, prior approvals of the audit committee, board and shareholders as maybe applicable on case-to-case basis, will be required before any material modification is made to an RPT.

Transactions on Arm's Length Basis

Transactions which are made in the ordinary course of business on arm's length basis are exempted from compliances u/s 188 & relevant rules thereunder.

"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.

Arm's length basis means the transactions should be independent and is being done on same terms and conditions as if done with some unrelated party.

REVIEW, RATIFICATION AND APPROVAL OF RELATED PARTY TRANSACTIONS

i) Audit Committee

a) Every Related Party Transaction and subsequent Material Modifications shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by way of circulation. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions. Any director who is interested in the transaction shall abstain from discussion, deliberation and voting on such agenda item.”

b) However, the Audit Committee may grant omnibus approval for recurring transactions with related parties, in compliance with requirements of the Act and the SEBI Listing Regulations.

c) Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity or its subsidiary subject to the following conditions, namely-

- the related party transaction in line with the criteria for granting the omnibus approval with the policy on related party transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;*
- the audit committee is satisfied regarding the need for such omnibus approval and that such approval is in the interest of the listed entity.*

The Audit Committee shall review / note on a quarterly basis the details of such Related Party Transactions entered into by the listed entity of the listed entity or its subsidiary pursuant to each of the omnibus approvals given. The omnibus approval shall be valid for a period of one year and shall require fresh approvals after the expiry of one year. Where the need for related party transaction cannot be foreseen and the aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

The omnibus approval shall specify:

- (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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*

d) Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied/amended. Any proposed variations/amendments to these factors shall require a prior approval of the Audit Committee.

e) The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

(i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;

(ii) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;

(iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;

(iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;

(v) any other condition as specified by the audit committee:

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 listed entity against any loss incurred by it.

f) The audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.

ii) Board of Directors & Shareholders

All Related Party Transactions which are either not on arm's length basis or not in the Ordinary Course of Business shall be recommended by the Audit Committee for the prior approval of the Board of Directors.

Provided the transactions as prescribed below shall be further recommend by the Board of Directors for the prior approval of the Shareholders of the Company by way of Resolution.

As per provisions of first proviso to sub-section (1) of section 188, except with the prior approval of the company by a resolution-

(i) A company shall not enter into a transaction or transactions, where the transaction or transactions to be entered into -

- (a) *As contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188 with criteria, as mentioned below -*
- (i) *sale, purchase or supply of any goods or materials directly or through appointment of agents amounting to 10 percent or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;*
 - (ii) *Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents amounting to ten percent or more of net worth of the company as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;*
 - (iii) *leasing of property of any kind amounting to 10% or more of the turnover of the Company, as mentioned in clause (c) of sub-section (1) of section 188;*
 - (iv) *Availing or rendering of any services directly or through appointment of agents amounting to ten percent or more of the turnover of the company, as mentioned in clause (d) and clause (e) of sub-section (1) of section 188;*
- (b) *appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188; or*
- (c) *Remuneration for underwriting the subscription of any securities or derivatives thereof of the company exceeding one percent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.*

Explanation. – (1) The Turnover or Net Worth referred in the above sub-rules shall be on the basis of the Audited Financial Statement of the preceding financial year.

As per Regulation 23(4) of the Listing Regulations all material related party transactions and subsequent material modifications as defined by the audit committee shall require prior approval of the shareholders through resolution. No related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

If a Related Party Transaction is entered into by the Company without prior approval, the same shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transactions, and shall evaluate all options available to the Company, including ratification by it or recommending the Board for their ratification or seeking approval of

Shareholders, revision or termination of the Related Party Transactions as per the applicability of the relevant provisions of the law.

Exemption from obtaining approval provided under the Listing Regulations

Following transactions are exempted from the requirement of obtaining the Audit Committee/Board of Directors/ Shareholders approval:

- (a) transactions entered into between two public sector companies;*
- (b) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval;*
- (c) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.*
- (d) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.*

- (e) transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.*

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, including following:

- (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;*
 - iv. buy-back of securities; and*
 - v. remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee or disclosure under regulation 23 of listing regulations provided that the same is not material in terms of the provisions of regulation 23(1) of listing regulations.*

However, an approval of Audit Committee and Board of Directors/ Shareholders (to the extent applicable), as the case may be will be required for above listed transaction as per the Companies Act, 2013 read with the Rules made thereunder.

Minimum Information as per Industry Standards to be provided to the Audit Committee and Shareholders for Approval of Related Party Transactions where a transaction with a related party individually or cumulatively during a financial year exceeds Rs. 1 crore in value.

TRANSACTIONS BETWEEN HOLDING AND SUBSIDIARY COMPANY

- *Prior approval of the audit committee, Board/ Shareholders of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.*

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the audit committee of the listed subsidiary shall suffice.

- *As per rule 15(2) of Companies (Meetings of Board and its Powers) Rules, 2014, in case the Holding Company passes the special resolution in respect of related party transaction with its wholly owned subsidiary company, then it shall be sufficient compliance.*
- *A related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction, exceeds the lower of the following: (i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or (ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of SEBI Listing regulations.*
- *In the event of a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the listed entity shall be obtained if the value of such transaction exceeds the lower of the following:
(i) ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
(ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of SEBI Listing regulations:
Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.*

Further, prior approvals of the audit committee, board and shareholders may be applicable on case-to-case basis subject to applicable laws.

OMNIBUS APPROVAL BY SHAREHOLDERS

The omnibus approval granted by the shareholders for material related party transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Companies Act, 2013 or rules, notifications, or circulars issued thereunder from time to time:

Provided further that in case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

DISCLOSURE REQUIREMENTS

- *Pursuant to the provisions of Section 134(3)(h) of the Act, the Company is required to disclose the particulars of contract or arrangement with related parties in the Board of Director's report.*
- *Details of all material transactions with related parties shall be reviewed quarterly.*
- *Provided further that the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results.*

REVIEW OF THE POLICY

This Policy shall be reviewed by the Board as and when any changes are to be incorporated in the Policy due to change in applicable law or at least once in every three years and updated accordingly based on the recommendations of the Audit Committee.