



WALLFORT

Financial Services Ltd.

POLICY ON RELATED PARTY TRANSACTIONS

1. OBJECTIVE

The Objective of the Policy is to set out:

- The materiality thresholds for Related Party Transactions
- The manner of dealing with the transactions between the Company and its Related Parties

The Board of Directors (the "Board") of Wallfort Financial Services Limited (the "Company") has adopted the following policy and procedures with regard to Related Party Transactions as defined below to avoid potential or actual conflict of interest between management and shareholders of the Company.

2. DEFINITIONS

"Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.

"Board" means Board of Directors of the Company.

"Key Managerial Personnel" means key managerial personnel as defined under the Companies Act, 2013 and includes

- (i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer

"Policy" means Related Party Transaction Policy.

"Related Party" shall have the same meaning under Section 2(76) of the Companies Act, 2013 and as per Clause 49 of the Listing agreement.

"Related Party Transaction" shall have the same meaning under Section 188 of the Companies Act, 2013 and as per Clause 49 of the Listing agreement

"Relative" means relative as defined under the Companies Act, 2013

"Transaction at Arm's Length" means a transaction entered between two related parties that is conducted as if they are unrelated.

"Ordinary Course of Business" means transactions that are necessary, normal and incidental to the business, the objects of the Company permit such activity, there is a

historical practice and pattern of frequency (not an isolated transaction), has connection with the normal business carried on by the Company.

3. POLICY:

A. Type Of Transactions Covered

a. Under Section 188 of the Companies Act, 2013 , following transactions will be covered –

1. Sale, purchase or supply of any goods or materials;
2. selling or otherwise disposing of, or buying, property of any kind;
3. leasing of property of any kind;
4. availing or rendering of any services;
5. appointment of any agent for purchase or sale of goods, materials, services or property etc.
6. such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company;
7. underwriting the subscription of any securities or derivatives thereof, of the company.

b. Under Clause 49 of Listing Agreement, following shall be covered –

1. Transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged.

c. Under Accounting Standard 18, all transactions involving transfer of resources or obligations between related parties, regardless of whether or not a price is charged. To name a few, following will covered –

1. purchases or sales of goods;
2. purchases or sales of fixed assets;
3. rendering or receiving of services;
4. agency arrangements;
5. leasing or hire purchase arrangements
6. transfer of research and development.
7. license agreements.
8. finance (including loans and equity contributions incash or in kind).
9. guarantees and collaterals.
10. management contracts including for deputation of employees.

B. Identification of Potential Related Party Transactions

Each Director and KMP shall disclose to the Company the following details:

1. Declaration/Disclosure of interest by all the Directors and KMPs' in form MBP-1.
2. Declaration of relatives by all Directors and KMPs'.

3. Declaration about a firm in which a Director/ Manager or his relative is a partner.
4. Declaration about a private Company in which a Director or Manager or his relative is a member or director.
5. Declaration regarding a public company in which a Director or manager is a Director and holds along with the relatives more than 2% of the paid-up share capital.
6. Notices from Directors of any change in particulars of Directorship or in other positions during the year.
7. Declaration by Holding Company regarding its Directors/KMPs' and their relatives.
8. Details of any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager of the Company.
9. Details of any person on whose advice, directions or instructions a director or manager is accustomed to act:
10. Provided that nothing in point no. 8 & 9 shall apply to the advice, directions or instructions given in a professional capacity.
11. Details of any Company which is
 - a) a holding, subsidiary or an associate company of such company; or
 - b) a subsidiary of a holding company to which it is also a subsidiary.

The CFO to prepare the list of Related Parties on the basis of aforesaid information and record in register of Contracts/arrangement etc. as per the Section 189 of the Companies Act, 2013 and Rules thereof as.

The aforesaid list shall be circulated to MD /CEO's/COO's/ED/CFO/Business Heads/ Department Heads/Branch Heads, the Finance & Accounts Department, Statutory Auditor and Internal Auditor.

The transactions specified above in Point (A) with the aforesaid related parties mentioned in Point (B) shall be considered as Related party transactions.

C. Approval by Audit Committee:

All Related Party Transactions require approval of Audit Committee.

The Company may obtain omnibus approval from the Audit Committee, however the Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company and the following particulars shall be required to be stated in the omnibus approval:

- (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.

Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year

D. Approval by Board of Directors of the Company:

The following Related Party Transactions which are not in the ordinary course of business or are in the ordinary course of business but are not Arm's Length Transactions shall require prior approval of Board of Directors:

- 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, and
- g) underwriting the subscription of any securities or derivatives thereof,

Where any Director is interested in any Related Party Transaction, such director will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction.

E. Approval by Shareholders:

Related Party Transactions exceeding the limits as prescribed under Section 188 of the Companies Act, 2013 and rules made there under will be placed before shareholders for their approval and any shareholder who is a related party in the context of the proposed Related Party Transaction will abstain from voting on such resolution in terms of the Provision of the Act.

All Material Related Party Transaction will be approved by shareholders and any shareholder who is a related party(ies) in the context of the proposed Related Party Transaction will abstain from voting on such resolution in terms of the Provision of the Listing Agreement.

F. Materiality Thresholds:

Related Party Transaction shall be considered as material if it exceeds threshold limit specified under Clause 49(VII)(C) of the listing agreement which is 10% of the annual consolidated turnover of the Company as per last audited Financial Statement or such other quantum as specified from time to time.

4. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all the relevant facts and circumstances regarding the Related Party

Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

5. Amendment:

The Board reserves its right to amend or modify this policy in whole or in part, at any time without assigning any reason whatsoever. However no such amendment or modification shall be inconsistent with the applicable provisions of the Listing Agreement, Act or any law for the time being in force.