

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

WALLFORT FINANCIAL SERVICES LIMITED



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1) Applicability and Objective of the Policy

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. With a view to preventing any actual or perceived conflict of interest and to maintaining the confidence of its stakeholders, the Board of Directors of the Company, based on the recommendations of its Audit Committee (“the Committee”), has approved and implemented a policy along with defined procedures governing Related Party Transactions. This Policy is framed pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [LODR], as amended from time to time.

Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board. This Policy was last revised/updated by the Board of Directors of the Company at its meeting held on **12th February, 2026**

The Policy is applicable to all Related Party Transactions (‘RPTs’) as defined under:

- (a) Section 2(76) and Section 188 of the Companies Act, 2013; and
- (b) Regulation 2(1)(zb), Regulation 2(1)(zc), Regulation 23, and Schedule XII of the SEBI (LODR) Regulations, 2015 (as amended);and

Includes the following:

- All transactions between the Company and any Related Party;
- All transactions between any subsidiary and its Related Party that require prior Audit Committee approval under Regulation 23(2) of SEBI (LODR).
- Any transaction with an unrelated third party where the purpose or effect is to benefit a Related Party of the Company or its subsidiaries;

All Related Party Transactions or any material modifications thereof must be reported to the Audit Committee and referred for its prior approval, recommendation or ratification by the Committee in accordance with this policy.

The objective of this policy and procedure is to ensure that transactions between Wallfort Financial Services Limited (‘ Company’) with its related parties are based on principles of transparency and fairness. Likewise, this policy aims at preventing and guiding situations of potential conflict of interests in the implementation of transactions involving such related parties.

2) Definitions

The words and expressions used but not defined in this Policy, shall have the same meaning as defined in the Companies Act, 2013, SEBI(LODR), or any other applicable law or regulation, as amended from time to time.

- a. “**Act**” means the Companies Act, 2013
- b. “**Material related party transaction/s**” shall mean transaction/s with a related party which individually or taken together with previous transactions during a financial year, exceed the limits of materiality under Regulation 23 and Schedule XII of the LODR as may be amended from time to time or any statutory modifications or re-enactments thereof for time being in force.
- c. “**Material Modifications**” means any modification to an existing related party transaction, approved by the Audit Committee
/ Board / Shareholders, as the case may be, having a variation of 40% or more of the value of contract(s) / arrangement(s)
/transaction approved earlier.

Without prejudice to the above, the following modifications shall ipso facto be deemed to be Material Modifications and shall require prior approval of the Audit Committee:

- b) where any modification to an approved related party transaction at arm’s length, that results in transaction no longer being at an arms’ length transaction; or
 - c) in case of contract or arrangement for purchase, supply or sale of goods or rendering or availing of services, leasing of property of any kind, an upward 40% revision to the original contract/arrangement value, or
 - d) In the case of Inter Corporate Deposits (ICD) or loans, any change in the rate of interest at which the ICD or loan was given or any other similar material change in the term at which it was provided, on case to case basis.
- d. “**Relative**” shall mean relative defined under the Companies Act, 2013 read with LODR as may be amended from time to time.
- e. “**Related Party**”, with reference to a Company, shall have the same meaning as defined in:
- Section 2(76) of the Companies Act, 2013 (amended from time to time)

- Regulation 2(1)(zb) and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (amended from time to time).

f. "Related Party Transaction" (" R P T ") means -

- a. all transactions as per Section 188 of the Companies Act, 2013; and
- b. all transactions as per Regulation 2(1)(zc) of SEBI (LODR).

3) Manner of dealing with Related Party Transactions

a) Identification of related parties

The Company shall maintain a Related Party Register, regularly updated, based on disclosures and internal records as prescribed under Section 2(76) of the Act and SEBI (LODR) (as amended), and place the updated register before the Audit Committee.

b) Identification of related party transactions

The Company shall screen proposed transactions against the Related Party Register at the initiation stage and document the basis for assessing whether the transaction is in the ordinary course of business and at arm's length. The Company may seek external professional opinion where required.

c) Procedure for approval of related party transactions

i. Approval of the Audit Committee

All related party transactions and subsequent material modifications require prior approval of the Audit Committee. Only those members of the audit committee, who are independent directors, shall approve related party transactions. Remuneration and sitting fees paid by the Company 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 provided that the same is not material as defined in material RPT as defined in this Policy.

The Audit Committee at the time of approving a Related Party Transaction may determine a level of variation permissible for the particular transaction during the financial year, beyond which it will be construed as a subsequent material modification and shall require a fresh approval of the Audit Committee.

Audit Committee may evaluate and determine on case by case basis if a particular modification is material or not.

ii. Approval of the Board of Directors of the Company

- a) All RPTs which are not in the ordinary course of business and at arm's length basis, shall be placed before the Board for its approval.
- b) 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;
- c) 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.
- d) All transactions falling under Section 188 of the Companies Act, 2013 that exceed the statutory thresholds shall be placed before the Board for approval prior to seeking shareholders' approval.
- e) All material Related Party Transactions, as determined in accordance with Regulation 23 and Schedule XII of SEBI LODR, shall be placed before the shareholders for prior approval.

iii. Approval of the Shareholders of the Company

1. Shareholder approval shall be obtained prior to entering into the following transactions and/or material modifications thereto:
 - a. where the transaction(s), individually or taken together with previous transactions during a financial year, exceed the materiality thresholds prescribed under the applicable regulatory framework (Regulation 23 read with Schedule XII of SEBI LODR); or
 - b. transactions covered under Section 188 of the Companies Act, 2013 which:
 - i) are not in the ordinary course of business, and
 - ii) are not at arm's length, and
 - iii) exceed the prescribed thresholds under the Companies (Meetings of Board and its Powers) Rules, 2014.

2. For transactions placed before shareholders for approval, all entities falling under the definition of related parties shall abstain from voting, irrespective of whether such entity is a party to the specific transaction.
3. Shareholder approval shall not be required for the following, as applicable under law:
 - a. Transactions between the Company and its wholly-owned subsidiary (WOS), or between two WOS, provided the accounts are consolidated with the Company and placed before shareholders.
 - b. Other exemptions as permitted under the applicable framework and updated from time to time (including exclusions from the definition of RPT as notified under SEBI LODR).
4. The explanatory statement and information placed before shareholders shall include the minimum information prescribed under the applicable SEBI LODR framework and circulars issued from time to time (including the “minimum information” requirements referenced in the SEBI Master Circular framework).
5. A shareholder resolution approving a transaction under this section shall remain valid:
 - a. from the AGM in which it is passed until the next AGM, and
 - b. if passed at any meeting other than an AGM, for a period of one year.
6. The Company shall comply with the applicable statutory restrictions relating to **loans/advances/guarantees/security** to directors and persons/entities in which directors are interested, as prescribed under the Companies Act, 2013 and rules thereunder, including any exemptions available for transactions with wholly-owned subsidiaries as applicable.

iv. Approval of Related Party Transaction of Subsidiary(ies):

Any related party transaction exceeding Rupees One Crore, whether individually or aggregated during a financial year, to which a subsidiary is a party and the Company is not a party, shall require prior approval of the Audit Committee of the Company, if the value of such transaction, whether individually or when aggregated during a financial year, exceeds the lower of:

- 10% of the annual standalone turnover of the subsidiary as per its last audited financial statements; or
- The materiality thresholds prescribed under Schedule XII of SEBI LODR (as amended).

In cases where the subsidiary does not have audited financial statements for at least one year, Audit Committee approval shall be required if the value of the transaction exceeds the lower of:

- 10% of the aggregate value of the paid-up share capital and securities premium of the subsidiary; or
- The materiality thresholds prescribed under Schedule XII.

v. **Omnibus approval(s):**

1. Annual Omnibus Approval

For administrative convenience, the Audit Committee may grant annual omnibus approval for related party transactions (“RPTs”) proposed to be entered into by the Company, whether individually or taken together with previous transactions during a financial year, subject to such criteria and limits as may be specified by the Audit Committee in accordance with Section 177(4)(iv) of the Companies Act, 2013, Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014, and Regulation 23 of SEBI (LODR) Regulations, 2015. 123

Such omnibus approval may be granted for transactions not exceeding ten percent of the annual consolidated turnover of the Company as per the last audited financial statements.

2. As required under Rule 6A(1) and Regulation 23, the Audit Committee may, after obtaining Board approval where required, specify detailed criteria for omnibus approval including:

- a. Maximum aggregate value of transactions permitted under the omnibus route in a financial year.
- b. Maximum value per transaction permitted.
- c. Extent and manner of disclosures required to the Audit Committee at the time of seeking omnibus approval.
- d. Review frequency and reporting requirements for transactions approved under the omnibus route.
- e. Identification of transactions that cannot be covered under omnibus approval.

3. The Audit Committee shall ensure that omnibus approval is sought only for transactions that are repetitive in nature and that such approval is in the interest of the Company.

4. Mandatory Information Required in Each Omnibus Approval:

- i) the name/s of the related party
- ii) nature of transaction, period of transaction
- iii) maximum amount of transaction that can be entered into

the indicative base price / current contracted price and the formula for variation in the price if any (for ex: +/- 5%) and

iv) such other conditions as the Audit Committee may deem fit.

5. However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rupees One Crore per transaction.
6. On a quarterly basis, the Audit Committee shall review transactions conducted with related parties under the contracts or arrangements including modifications to existing contracts or arrangements, if any, with related parties vis-à-vis omnibus approval provided earlier, and consider for approval.
7. Omnibus approval shall be valid for a period of one financial year and shall require fresh approvals after the expiry of one financial year.
8. Omnibus approval shall not be made for transactions in respect of selling or disposing of the company undertaking.

vi. **Ratification**

Ratification is required to be done within 3 months of the date of the transaction or at the next meeting of the Audit Committee, whichever is earlier, subject to the following conditions

- a) 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 Rs.1 crore
- b) the transaction is not material in terms of provisions of Regulation 23 (1) of SEBI LODR
- c) rationale for inability to seek prior approval is placed before the audit Committee
- d) details of such ratification shall be disclosed along with the disclosures of related party transactions in terms of provisions of Regulation 23 (9) of SEBI LODR.

Failure to seek ratification of the audit committee shall render the transaction voidable at the option of the Audit Committee.

The Audit Committee shall consider all of 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 Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

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.

In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy, which are not mandatory as per statute.

vii. Exemptions

The following RPTs will not be put up for approval as permitted under law:

1. Transactions between the Company and its Wholly Owned Subsidiary (WOS) (if the Company is preparing consolidated accounts and placing the same before its shareholders for approval)
2. Transactions between two WOS of the Company (if the Company is preparing consolidated accounts and placing the same before its shareholders for approval)
Payment of any statutory dues, statutory fees or statutory charges to central or state government
3. Issue of specified securities on preferential basis subject to compliance of applicable SEBI Regulations.
4. Corporate actions as under as the same are uniformly applicable to all shareholders:
 - Payment / receipt of dividend
 - Sub-division or consolidation of securities
 - Issue of securities as rights or bonus
 - Buy-back of securities
5. Retail purchases by the directors, KMPs or employees of the Company, and their relatives from the Company or its subsidiaries, without establishing a business relationship and at the terms which are uniformly applicable/offered to all such persons.

4) Minimum information requirement

All RPT proposals (including fresh approvals, omnibus approvals, ratification requests and material modifications) placed before the Audit Committee, the Board and/or the Shareholders shall include, at a minimum, the information required under the applicable SEBI (LODR) framework and related SEBI circulars, including:

- (i) the “minimum information” requirements prescribed under the SEBI Master Circular dated November 11, 2024 (as amended); and
- (ii) the Industry Standards issued under SEBI’s framework and applicable from September 1,

2025, as amended from time to time.

5) Criteria for determining whether transaction is in ordinary course and at arm's length

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee/ Board may review the following documents / seek the following 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:

- a. Nature of the transaction i.e. details of goods or property to be acquired / transferred or services to be rendered / availed - including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
- b. Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;
- c. Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction;
- d. Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
- e. Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
- f. market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
- g. third party comparable, valuation reports, price publications including stock exchange and commodity market quotations
- h. management assessment of pricing terms and business justification for the proposed transaction;
- i. Comparative analysis, if any, of other such transaction entered into by the company.

Matters/ Information to be placed before Audit Committee while seeking omnibus approval shall be as mandated by LODR and circulars issued therein from time to time.

6) Disclosures

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties in Form AOC-2 as per the format provided in the Act.

In addition to the above, the Company shall also provide/publish details of all related party transactions in the manner as provided in LODR.

7) Review and amendment:

Any subsequent amendments / modifications in the Companies Act, 2013 and / or Listing Regulations and / or other applicable laws shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and/or amended to that extent, even if not incorporated in this Policy .Any change in the definitions and / or any provisions of this Policy pursuant to an amendment in LODR or the Act will be effective without any further approval from the Audit Committee / Board. The Audit Committee / Board will be briefed about such changes.

The Board will review the Policy at least once in three years.

In the event any provisions of the Policy are inconsistent with the provisions of Listing Regulations or the Act or any other applicable statutes, the provisions of the regulatory statutes will prevail.
