

ANGEL ONE LIMITED

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

(Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015)

<i>Particulars</i>	<i>Date</i>	<i>Version</i>
<i>Policy adopted</i>	<i>July 11, 2018</i>	<i>1.0</i>
<i>Policy reviewed and approved</i>	<i>January 28, 2021</i>	<i>1.1</i>
	<i>January 17, 2022</i>	<i>1.2</i>
	<i>October 13, 2022</i>	<i>1.3</i>
	<i>January 15, 2024</i>	<i>1.4</i>

A. PREAMBLE:

The Board of Directors, acting upon recommendation of Audit Committee of the Company (“**the Committee**”), has adopted the policy considering the requirements of Companies Act 2013 read with Rules made there under and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI (LODR) Regulations”) on materiality of Related Party Transactions (“RPTs”) and also on dealing with RPTs which consists of a need for proper identification, conduct and documentation of the RPTs.



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Angel One Limited

CIN: L67120MH1996PLC101709,
SEBI Registration No Stock Broker: INZ000161534,
CDSL: IN-DP-384-2018, PMS: INP000001546,
Research Analyst: INH000000164, Investment Advisor: INA000008172,
AMFI Regn. No. ARN-77404, PFRDA, Regn. No.-19092018.



B. APPLICABILITY:

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

The Policy will be applicable to the Company effective January 28, 2021.

Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

C. OBJECTIVES OF THE POLICY:

The changes carried out through Companies Act, 2013 and SEBI (LODR) Regulations, pose many requirements on the Company. One such requirement is that the Company is required to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. The objectives of this Policy are set out as follows:

(a) Identification of the Related Parties

(b) The materiality threshold for related party transactions

(c) The manner of dealing with the transaction between the Company and its related parties based on the Act, SEBI (LODR) Regulations and any other laws and regulations as may be applicable to the Company.

All Related Party Transactions should be referred to the Audit Committee of the Company for prior approval with effect from July 11, 2018. The Audit Committee shall also approve any subsequent modifications of RPT. The Audit Committee may also grant omnibus approval for certain category of transactions, which shall be valid for period not exceeding one financial year, and shall require fresh approval for the next financial year. The onus will be on corporate accounts to refer RPT or potential RPT to the Audit Committee.

D. The Related Party Transactions as detailed in Section 188 of the Companies Act 2013 shall further require Board/Shareholder approval, as applicable.

Definitions:

"Act" means the Companies Act, 2013, Rules framed thereunder and any amendments thereto;

"Arm's Length Transaction ('ALP')" means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.



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The following has been considered to be helpful in concluding whether a transaction is on an arm's length basis or not:

- The transaction is as per the prevailing price list / pricing policy / market price / at the same price (or margin) at which entered into with independent third parties;
- The transaction is in line with third party quotations / bids;
- The transaction is at a price / rate in line with Government guidelines / industry body specifications where relevant
- Taking assistance of an expert – valuation specialist
- Principles under the transfer pricing guidelines (considering whether the pricing would be in line with what would have been charged to an unrelated party, without any conflict of interest)

"Audit Committee" shall mean a committee of Board of Directors of the Company constituted by the Board of Directors of the Company in accordance with Section 177 of the Act and Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

"Board" means the board of directors of the Company.

"Company" the words "This Company", "The Company", "Company" wherever occur in the policy shall mean "Angel One Limited (formerly known as Angel Broking Limited)".

"Compliance Officer" means "Company Secretary" and/or "Deputy Company Secretary" of the Company.

"Key Managerial Personnel" (KMP) means:

- a) the Chief Executive Officer or the Managing Director or the Manager and in their absence, the Whole Time Director;
- b) the Company Secretary;
- c) the Chief Financial Officer;
- d) such other officer, not more than one level below the directors who is in whole-time employment, designated as KMP by the Board; and
- e) any other person appointed as the KMP by the Board of Directors of the Company;

"Material Related Party Transaction", means a transaction/contracts with a related party where the transaction(s) to be entered into individually or taken together with previous transactions with a related party during a financial year, exceeds INR 1000 Crore or ten percent of the annual consolidated turnover of the Company whichever is lower as per last audited financial statements of the Company as defined under Regulation 23 of the SEBI (LODR) Regulations and the contracts or arrangements as given under the Act.



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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 of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

"Materiality Threshold" means limits for related party transactions beyond which the shareholders' approval will be required as specified in Companies Act, 2013 and rules thereof and amendments thereto.

'Material Modification' in any approved Related Party Transaction shall mean any deviation of 10/20/25% or more in any of the condition of the Related Party Transactions which have been pre-approved by the Audit Committee of **Angel One Limited**.

"Ordinary Course of Business" includes but not limited to a term for activities that are necessary, normal, and incidental to the business. These are common practices and customs of commercial transactions. The ordinary course of business covers the usual transactions, customs and practices related to the business. The following factors are indicative of a transaction being in the ordinary course of business:

- i. the Objects clause of Memorandum of Association of the Bank permits such activity
- ii. The transaction is normal or otherwise unremarkable for the business
- iii. The transaction is frequent/regular

These are not exhaustive criteria and the Bank will have to assess each transaction considering its specific nature and circumstances.

"Policy" means this policy, as amended from time to time.

"Related Party" will have the same meaning as defined under Section 2(76) of the Act and/ or Regulation 2(zb) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or under the applicable accounting standards and any amendments thereto, if any.

"Relative" in relation to a related party shall have the same meaning assigned to in Section 2(77) of the Act read with Rules thereto and clause (zb) of Regulation 2 of the SEBI (LODR) Regulations and any amendments thereto.

"Related Party Transaction" means all transaction(s) between the Company on one hand and one or more related party(ies) on the other hand including contracts, arrangements and transactions as envisaged in Section 188(1) of the Act and/or Regulation 2(zc) and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

"SEBI" means the Securities and Exchange Board of India.

"SEBI Act" means Securities and Exchange Board of India Act, 1992.



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“**SEBI (LODR) Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Words and phrases used in this Policy and not defined herein shall derive their meaning from the Applicable Law.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended from time to time.

In case of any conflict between this Policy and applicable law, the applicable law (as existing on the date of the concerned transaction) shall prevail.

E. IDENTIFICATION OF RELATED PARTIES AND THE RELATED PARTY TRANSACTIONS

Every Director and Key Managerial Personnel of the Bank will be responsible for providing a declaration to the Company containing the following information on his/her appointment as Director/ KMP in the Company and thereafter by Director on annual basis in the first meeting of the Board in every financial year in MBP 1:

- Names of his / her relatives;
- Partnership firms in which he / she or his / her relative is a partner;
- Private Companies in which he/ she is a member or Director;
- Public Companies in which he/she is a Director and holds along with his/her relatives more than 2% of paid up share capital;
- Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
- Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Every Director and Key Managerial Personnel will also be responsible to update the management of any changes in the above relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes.

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him/her or his/ her Relatives, including any additional information about transactions that the Board or Audit Committee may request. The Board shall record the disclosure of interest and Audit Committee will determine whether the transaction requires compliance with this policy. The Company strongly prefers to receive such notice of any potential Related Party Transactions, if any, well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction. Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of such Related Party Transaction. Similarly, where any Director is interested in any contract or arrangement with a Related Party, such Director shall not be present at the meeting during the discussion on the subject matter of the resolution relating to such contract or arrangement.



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The list of Related Parties shall be updated whenever necessary and reviewed on a timely basis and would be communicated to the functional departments.

Further, 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:

- i. 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;
- ii. Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;
- iii. Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction;
- iv. Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
- v. Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
 1. market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
 2. third party comparable, valuation reports, price publications including stock exchange and commodity market quotations;
 3. management assessment of pricing terms and business justification for the proposed transaction;
 4. comparative analysis, if any, of other such transaction entered into by the company.

F. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

Approval of related party transactions:

1) Audit Committee

- 1.1 All the transactions which are identified as related party transactions and subsequent modifications should be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the related party transactions for its approval.
- 1.2 Any member of the Committee who has a potential interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction. A related party transaction which is (i) not in the ordinary course of business and/ or (ii) not at arm's length price, would require approval of the Board of Directors or of shareholders as discussed subsequently.



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- 1.3 The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under SEBI (LODR) Regulations and the Act and such other conditions as it may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- 1.4 Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a related party transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.
- 1.5 A related party transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Committee, will be placed before the Committee for ratification.
- 1.6 It shall be ensured that minimum information as required under the Companies Act, 2013 and rules made thereunder, Listing Regulations and SEBI circulars/guidelines issued in connection to RPT is placed before the Audit Committee.

2) Board of Directors

In case any related party transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction.

3) Shareholders

If a related party transaction is

- (i) a material transaction as per SEBI (LODR) Regulations, Or
- (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013,

it shall require shareholders' approval by a special resolution. In such a case, any member of the Company who is a related party shall not vote on resolution passed for approving such related party transaction.

To approve the related party transactions, Shareholders will be provided with all the relevant information pertaining to the Related Party Transaction as required under applicable acts, regulations, rules and circulars/guidelines.



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4) Subsidiaries

A Related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover as per the last audited financial statements of the Company.

A prior approval of the Audit Committee shall not be required for-

- a. Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- b. Transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval

Standing Pre-Approval / Omnibus approval by Audit Committee:

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Audit Committee may grant standing pre-approval / omnibus approval. While granting the approval, the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:

- a) Name of the related party and nature of relationship with the related party;
- b) Nature of the transaction
- c) Period of the transaction
- d) Maximum amount of the transactions that can be entered into
- e) Nature, material terms and conditions, monetary values and particulars of the contract or arrangement
- f) Indicative base price / current contracted price and formula for variation in price, if any
- g) Whether the transaction is at arm's length or not;
- h) Such other conditions as the Audit Committee may deem fit.

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 Committee.

Further, where the need of the related party transaction cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the value per transaction not exceeding Rs.1,00,00,000/- (Rupees One Crore only). The details of such transaction shall be reported at the next meeting of the Audit Committee for ratification. The Committee shall on quarterly basis review all omnibus transactions and assess such transactions including the limits to ensure that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.



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Material Related Party Transactions and Material Modifications:

All material related party transactions and subsequent “material modifications” as defined by the audit committee under sub-regulation (2) of Regulation 23 of SEBI (LODR) Regulations 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.

Related Party Transactions that shall not require Approval:

Following transactions shall not require separate approval under this Policy

- Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, amalgamation, hive-off, etc. duly approved by the Board and carried out in accordance with the specific provisions of the Act or SEBI (LODR) Regulations.

Handling the RPT not approved under this Policy:

In the event any employee, officer or Director of the Company became aware of any transaction with related party being in deviation from the Policy, such person shall promptly notify the Compliance Officer regarding such transaction. The Compliance Officer shall ensure that such transactions are brought to the Notice of the Audit Committee, as early as possible but not later than the first Audit Committee meeting held after the date of such intimation.

The Audit Committee shall evaluate such transaction and decide the action to be taken as it may consider appropriate including ratification, revision or termination of the RPT.

G. REPORTING OF RELATED PARTY TRANSACTIONS

Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be referred to in the Board’s report to the shareholders along with the justification for entering into such contract or arrangement.

H. LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Act or Listing Agreement or any other statutory enactments, rules, the provisions of such Act or Listing Agreement or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Agreement, Act and/or applicable laws in this regard shall automatically apply to this Policy.

I. INTERPRETATION

Any words used in this Policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Agreement, Accounting Standards or any other relevant legislation / law applicable to the Company.



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In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term / provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

J. DISCLOSURE:

Appropriate disclosures as required under the Act and the SEBI (LODR) Regulations shall be made in the Annual Return, Directors' Report and to the Stock Exchanges.

K. REVIEW:

The Board of directors shall review this Policy at least once in every three years and update accordingly.



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