

ALGOQUANT FINTECH LIMITED

(FORMERLY KNOWN AS HINDUSTAN EVEREST TOOLS LIMITED)

POLICY ON RELATED PARTY TRANSACTIONS

1. NAME OF THE POLICY

This Policy will be known as the 'AQ Fintech - Policy on Material Related Party Transactions' and for the sake of brevity 'RPT Policy'.

2. APPLICABILITY AND EFFECTIVE DATE

This policy is applicable to the Company with effect from 1st April 2022 to formulate transactions between the Company and its Related Parties in accordance with the applicable provisions of Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other laws, rules and regulations (as amended from time to time).

3. PURPOSE

This policy is framed as per requirement under Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after referred to as 'Listing Regulations') which states that:

The listed entity shall formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors and such policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

It is intended to ensure the proper approval and reporting of transactions between the Company and its related parties. This Policy shall supplement Company's other policies & practices, delegation of powers, etc., which require approval of the Contracts or Arrangement in a specified manner and by specified authority. If there exists more than one set of requirements due to application of multiple laws and regulations, the Endeavour must be based on the compliance principle which would meet the higher governance standards.

4. DEFINITIONS

"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 as defined in explanation (b) to Section 188 (1) of the Companies Act, 2013.

'Associate Company', in relation to another Company, means a Company in which that other Company has a significant influence, but which is not a subsidiary Company of the Company having such influence and includes a joint venture Company .

Explanation - For the purpose of this clause—

(a) the expression "significant influence" means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement;

(b) the expression “joint venture” means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement;

“**Audit Committee**” means the Audit Committee of the Board constituted from time to time under the provisions of Regulation 18 of Listing Regulations and Section 177 of the Companies Act, 2013.

“**Board**” means the Board of Directors of Algoquant Fintech Limited (*formerly known as Hindustan Everest Tools Limited*);

“**Key Managerial Personnel**”, in relation to a Company , means –

Key Managerial Personnel (KMP) as defined in Section 2(51) of the Companies Act, 2013, that is,

- (i) The Chief Executive Officer or Managing Director or Manager;
- (ii) The Company Secretary;
- (iii) The whole-time Director;
- (iv) The Chief Financial officer;
- (v) 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
- (vi) such other officer as may be prescribed;

According to Regulation 23 of SEBI Listing Regulations, a transaction shall be considered material, if the transaction(s) to be entered individually or taken together with previous transactions during the financial year, exceeds Rupees 1000 crore (One Thousand Crores) or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company whichever is lower.

Notwithstanding the above, with effect from July 01, 2019, 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 .

Ordinary Course of Business:

Following are the indicative factors for determining term ordinary course of business:

- (i) Is normal or otherwise remarkable for the business of the Company (i.e. features in the Company’s system, processes, advertising, staff training, etc.)
- (ii) Is frequent and regular
- (iii) Involves significant amounts of money
- (iv) Is a source of income for the business
- (v) Involves significant allocation of resources
- (vi) Is involved in a service or product that is offered to customers

“**Related Party**” means –

is a related party under Section 2(76) of the Companies Act, 2013, or

under the applicable Accounting Standards as may be applicable from time to time

Provided that:

(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or

(b) any person or any entity, holding equity shares:

(i) of twenty per cent or more; or

(ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;

shall be deemed to be a related party:

As per Section 2(76) of the Companies Act, 2013, Related Party, with reference to a Company, means:

- (i) A Director or his relative;
- (ii) A Key Managerial Personnel or his relative;
- (iii) A firm, in which a Director, manager or his relative is a partner;
- (iv) A private Company in which a Director or manager or relative is a member or Director;
- (v) A public Company in which a Director or manager is a Director and holds along with his relatives, more than 2 % of its paid-up share capital;
- (vi) 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;
- (vii) Any person on whose advice, directions or instructions a Director or manager is accustomed to act; Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) Anybody corporate which is –
 - (a) A holding, subsidiary or an associate Company of such Company ;
 - (b) A subsidiary of a holding Company to which it is also a subsidiary; OR
 - (c) An investing Company or the venture of a Company ;

Explanation - For the purpose of this clause, “the investing Company or the venture of a Company ” means a body corporate whose investment in the Company would result in the Company becoming an associate Company of the body corporate.

(d) Such other person as may be prescribed - a director other than an independent 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.

“Related Party Transaction (RPT)” means any 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

(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) 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 listed entity 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; and

iv. buy-back of securities.

(c) acceptance of fixed deposits by banks/Non-Banking Finance Companies 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:

“**Relative**” means a relative as defined in Section 2(77) of the Companies Act, 2013 read with Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014 as under:

1. Members of HUF
2. Spouse
3. Father includes step-father
4. Mother includes the step-mother
5. Son includes the step-son
6. Son’s wife
7. Daughter
8. Daughter’s husband
9. Brother includes the step-brother
10. Sister includes the step-sister

To identify and monitor the list of Related Parties and Relatives as per Sec 2(76) and Sec 2(77) of Companies Act, 2013 respectively, a declaration shall be obtained in the format as at Annexure-1 from the Director / Key Managerial Personnel in the beginning of financial year and on appointment to the Board.

Further, General Terms and Conditions of all procurement/ sale of goods and services shall include a clause as under –

“Neither the Bidder nor his / their Key Managerial Personnel nor any of their Relative as defined under the Companies Act, 2013, are a Related Party to the transaction.

If in case, the same is covered under Related Party Transaction as defined in the Companies Act, 2013, the Bidder shall furnish such details in the bid document to enable the Company to comply with Companies Act, 2013, including obtaining the approval of competent authority”.

“**Subsidiary Company**” means subsidiary Company as defined in Section 2(87) of the Companies Act, 2013. .

5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

All Related Party Transactions including its materiality to be entered shall be subject to the prior approval of the Audit Committee either at its meeting or by way of circulation.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances or emergent situations, the Audit Committee may ratify the RPT.

Head of Corporate Materials, Head of Marketing and Division or Functional head as the case may be through respective Functional Director are responsible for placing necessary agenda before the Audit Committee and / or Board of Directors of all Related party Transactions requiring approvals (including omnibus approval or ratification) in accordance with this policy. These Officials shall also be responsible to place the agenda for review of the Audit Committee on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval obtained under Point 5.1.2 of this policy.

After the approval of the Audit Committee and Board, the Company Secretary shall place the agenda to the shareholders for approval, if required.

5.1 Approval of the Audit Committee – Mechanism

5.1.1 Details to be provided to Audit Committee

The following details / information shall be provided to the Audit Committee for entering into RPT, if applicable as under 5 above:

- (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, if not, the details of factors not considered with the rationale for not considering those factors; and

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

5.1.2 Omnibus Approval

Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23(3) of the Listing Regulations.

Audit Committee may grant omnibus approval for RPTs proposed to be entered by the Company subject to the following conditions, namely:

1. The Audit Committee shall, after obtaining the approval of the Board of Directors, specify the criteria for making the omnibus approval which shall include the following, namely:-

(a) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;

(b) the maximum value per transaction which can be allowed;

(c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;

(d) review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made;

(e) transactions which cannot be subject to the omnibus approval by the Audit Committee.

2. All material related party transactions and subsequent material modifications as defined by audit committee shall require prior approval of shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not:

Provided that prior approval of the shareholders of a 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

3. The omnibus approval shall specify:

(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. Provided that where the need for RPT cannot be foreseen and aforesaid details are not available, Audit Committee

may grant omnibus approval, by way of ratification, for such transactions subject to their value not exceeding Rs.1 crore per transaction.

4. The Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approvals given.

5. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year from the date of approval.

6. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company .

7. Further, Omnibus approvals for transactions entered into with government companies are exempted.

5.1.3 Consideration by the Audit Committee

While approving, the Audit Committee may, inter-alia, consider the following factors:

- a) All relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, and the benefits to the Company and to the Related party;
- b) Whether the terms of the RPTs are in the ordinary course of the Company 's business and are on an arm's length basis, at the time of entering into the transaction.
- c) Business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any;
- d) Whether the RPT would affect the independence or present a conflict of interest for any Director or KMP of the Company ;
- e) Director or KMP shall not participate in any discussion or approval of RPT for which he or she is a Related Party, except that the Director /KMP shall provide all material information concerning the RPT to the Audit Committee;
- f) Any other matter the Audit Committee deems relevant.

5.2 Approval of the Board and Shareholders – Mechanism

5.2.1 Under the Companies Act, 2013

In case of specified RPT as per section 188(1) read with applicable Rules mentioned in the table below, prior approval of Board and/or Shareholders is required as per the following:

- a) Prior approval of the Board at a meeting – Transactions which are not in ordinary course of business or not on arm's length basis.
- b) prior approval of the Company - Transactions which are not in ordinary course of business or not on arm's length basis and beyond threshold limits as prescribed under Rule-15 of the Companies (Meetings of Board and its powers) Rules, 2014, and/ or such other rules or notification as may be applicable from time to time. Presently, RPTs exceeding the following limits shall be subject to prior approval of the Company :

Sl. No.	Specified RPT(s) U/S 188(1) of the Companies Act, 2013	Threshold limits for approval of Shareholders
(i)	Sale, purchase or supply of any goods or materials directly or through appointment of agents under Clause (a) and (e)	Amounting to 10% or more of the turnover of the Company .
(ii)	Selling or otherwise disposing of, or buying property of any kind directly or through appointment of agents under Clause (b) and (e)	Amounting to 10% or more of net worth of the Company .
(iii)	Leasing of property of any kind under Clause (c)	Amounting to 10% or more of the turnover of the Company .
(iv)	Availing or rendering of any services, directly or through appointment of agents under Clause (d) and (e)	Amounting to 10% or more of the turnover of the Company
(v)	Appointment of any agent for purchase or sale of goods, materials, services or property	Amounting to 10% or more of the turnover of the Company
(vi)	Such related party's appointment to any office or place of pt in the Company , its subsidiary Company or associate Company under Clause (f)	At a monthly remuneration exceeding Rs. 2.50 lakhs
(vii)	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company under Clause (g)	Exceeding 1% of the net worth.

Explanation(s):

- Limits specified in sub-clauses (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
- Turnover or net worth shall be computed on the basis of the Audit Financial statement of the preceding Financial year.

No member of the Company shall vote on resolution, seeking the approval of members for any contract or arrangement which may be entered into by the Company , if such member is a related party for such contract or arrangement.

5.3 Details to be provided to the Board and Shareholders:

The following information shall be provided to the Board for approval of the RPTs:

- 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, if any, paid or received for the contract or arrangement;

- 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, if not, the details of factors not considered with the rationale for not considering those factors; and
- g) Any other information relevant or important for the Board to take a decision on the proposed RPT.

Following information shall be provided to the Shareholders for approval of RPTs:

- a) Name of the related party;
- b) Name of the Director or KMP who is related to the transaction;
- c) Nature of relationship;
- d) Nature, material terms, monetary value and particulars of the contract or arrangement;
- e) Any other information relevant for the members to take an informed decision on the proposed resolution.

5.4 Summary of the approval mechanism under Regn. 23 of Listing Regulations and the Companies Act, 2013:

Sl. NO.	Details of the Transaction(s)	Approving Authority
a.	RPTs under 5.2.1 (a) above which are not in the ordinary course of business or not at arm's length basis or both subject to threshold limits.	Subject to recommendation of Audit Committee and approval of Board.
b.	RPTs under 5.2.1 (b) above which are not in ordinary course of business or not at arm's length basis or both beyond threshold limits.	Approval and recommendation by Audit Committee to the Board. Approval and recommendation by the Board to Shareholders and 8 Approval by the Shareholders, subject to the recommendations of Audit Committee and Board.
c.	All material related party transactions and subsequent material modifications as defined by audit committee	Prior approval of shareholders through resolution

5.5 Ratification of Related Party Transactions:

- a) If prior approval of the Audit Committee / Board / Shareholders for entering into RPT is not feasible, then such RPT shall be ratified by the Audit Committee/ Board / Shareholders, if required, within 3 (three) months of entering into such RPT.
- b) In case RPT is not ratified within the specified period, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any Director, or is authorized by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by it.

c) In any case where either the Audit Committee / Board / Shareholders determines not to ratify RPT that has been commenced without approval, may direct additional actions including, but not limited to, immediate discontinuation of the transactions, or modification of the transaction to make it acceptable for ratification. In connection with any review of RPT, the Audit Committee / Board / Shareholders has authority to modify or waive any procedural requirements of the Policy in the best interest of the Company .

5.6 Disclosures:

- a) Every contract or arrangement entered with Related Parties with the approval of Board / Shareholders in line with Section 188 of the Companies Act 2013 shall be referred in the Board's Report to the shareholders along with the justification for entering into such contract or arrangements.
- b) Details of all Material RPTs shall be disclosed quarterly along with the compliance report on corporate governance to be submitted to stock exchanges.
- c) The Company shall disclose the policy on dealing with RPTs on its website and a web link thereto shall be provided in the Annual Report.
- d) Name of all related parties, nature of relationships and details of all RPT should be disclosed in the financial statement as per Ind-AS 24.
- e) The Company shall keep on or more registers giving separately the particulars of all contracts or arrangements with any related party requires approval of the Board.
- f) The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

5.7 Exemption under the Companies Act, 2013

The Ministry of Corporate Affairs vide Notification No. G.S.R. 463(E), dated 05.06.2015 specified that certain provisions of the Companies Act 2013 shall not apply or shall apply with such exceptions, modifications and adaptations to a Govt Company , as furnished below:

Serial number	Chapter Number / Section number / Sub-section(s) in the Companies Act, 2013	Exceptions, Modifications and Adaptations
26	Chapter XII, first and second proviso to subsection (1) of section 188:	Shall not apply to – (a) a Government Company in respect of contracts or arrangements entered into by it with any other Government Company ; (b) a Government Company , other than a listed Company , in respect of

		contracts or arrangements other than those referred to in clause (a), in case such Company obtains approval of the Ministry or Department of the Central Government which is administratively in charge of the Company , or, as the case may be, the State Government before entering into such contract or arrangement.
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5.8 Exemption under the Listing Regulations

The provisions of sub-regulations of Regulation 23 –

- (1) All related party transactions shall require prior approval of the Audit Committee and material RPT requires prior approval from shareholders through resolution.
- (2) Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity subject to certain conditions, and
- (3) All material related party transactions shall require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved;

- (4) The provisions of sub-regulations (2), (3) and (4) shall not be applicable in the following cases:
 - (i) Transactions entered into between two government companies;
 - (ii) 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.

Explanation - For the purpose of clause (a), “government Company (ies)” means Government Company as defined in sub-section (45) of section 2 of the Companies Act, 2013.

All entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

**ALGOQUANT FINTECH LIMITED
(FORMERLY HINDUSTAN EVEREST TOOLS LIMITED)
CIN: L74110DL1962PLC003634**

**DECLARATION BY DIRECTORS / KEY MANAGERIAL PERSONNEL
WITH RESPECT TO RELATED PARTY TRANSACTION**

NAME:

POSITION HELD:

Sl. No.	Category	Name & Address
1	<p><u>Relatives</u></p> <p>a. Members of HUF b. Name of Spouse c. Name of Father including step-father, if any d. Name of Mother including step-mother, if any e. Name(s) of Son including step-son, if any f. Name of Son's Wife g. Name(s) of Daughter h. Name of Daughter's Husband i. Name(s) of Brother including step-brother, if any j. Name(s) of Sister including step-sister, if any</p>	
2	Name(s) of firm, in which a Director is a partner	
3	Name(s) of private Company in which the Director is a member or Director	
4	Name(s) of public Company in which a Director is a Director or holds along with his relatives more than 2 % of its paid-up share capital.	
5	Name(s) of 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	
6	Name(s) of person(s) on whose advice, directions or instructions, not being in a professional capacity, a Director is accustomed to act.	