

This document intends to sets out the approach for determining the Related Party Transactions

## POLICY ON RELATED PARTY TRANSACTIONS



**THE PERIA KARAMALAI TEA & PRODUCE  
CO LTD**

Version No.: [●] 4.0

Approved By: [●] Board of Directors

Policy Owner: [●] Company Secretary

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<b>Base Document</b>	:	Policy on Related Party Transactions
<b>Initial Document Prepared by</b>	:	Mr. Saurav Singhania
<b>Functional aspects Checked by</b>	:	Mr. Saurav Singhania
<b>Governing Guideline/Policy</b>	:	Policy on Related Party Transactions

## **POLICY ON RELATED PARTY TRANSACTIONS**

## **THE PERIA KARAMALAI TEA AND PRODUCE COMPANY LIMITED**

### **POLICY ON RELATED PARTY TRANSACTIONS**

The Board of Directors (the “Board”) of The Peria Karamalai Tea and Produce Company Limited (the “Company”) had originally adopted this Policy on Related Party Transactions (the Policy), as required in terms of Clause 49 of the erstwhile Equity Listing Agreement at its meeting held on October 30, 2014.

Thereafter, the Policy was amended on 13<sup>th</sup> February, 2016 in view of the enactment of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after referred as “SEBI LODR”) and Section 14 of the Companies (Amendment) Act, 2015. Further, owing to amendments brought in by the Companies (Amendment) Act, 2017, the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulation, 2018, and the implementation of Indian Accounting Standards, the Policy was again amended on 1<sup>st</sup> April, 2019.

Further, in view of the recent amendments made in the Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this Policy has been reviewed and approved by the Board of Directors at their meeting held on 27.07.2023.

The Board or the Audit Committee of the Board (“Audit Committee”), subject to confirmation by the Board, shall review and amend this policy, if required, once in three years..

#### **EFFECTIVE DATE**

This Policy is effective from the date of its adoption by the Boards, or such other date as may be prescribed by the Board. . The Board may prescribe different effective dates for different provisions of the policy. This Policy may be amended, pursuant to the recommendation of the Audit Committee and subject to the approval of the Board.

#### **SCOPE AND PURPOSE**

The Companies Act, 2013, the Rules framed thereunder and Regulation 23 of SEBI LODR, contains detailed provisions on Related Party Transactions.

This Policy on transactions with Related Parties has been framed as per the requirements of the Regulation 23 of SEBI LODR and Companies Act, 2013 read with allied rules thereof and is intended to ensure proper approval and reporting of the concerned transactions between the Company and its Related Parties.

The Board recognizes that certain transactions with related parties present a heightened risk of conflicts of interest or the perception thereof. Therefore, the Board has adopted this Policy to ensure that all Related Party Transactions shall be subject to this Policy and approval or ratification in accordance with Applicable Law. This Policy contains the policies and procedures governing the review, determination of materiality, approval and reporting of such Related Party Transactions.

## CLARIFICATIONS, AMENDMENTS AND UPDATES

This Policy shall be implemented as per the provisions of the Applicable Law. Any amendments in the Applicable Law, including any clarification/ circulars of relevant regulator, shall be read with this Policy such that the Policy shall automatically reflect the contemporaneous Applicable Law at the time of its implementation.

Likewise, reference in this Policy to Accounting Standards shall be deemed to refer to the contemporaneous Accounting Standards as applicable to the Company at the relevant time.

All words and expressions used herein, unless specifically defined herein, shall have the same meaning as respectively assigned to them, in the Applicable Law under reference, that is to say, the Companies Act, 2013 and Rules framed thereunder, or SEBI LODR, as amended, from time to time.

## DEFINITIONS

1. **“Act” or “Act, 2013”** means the Companies Act, 2013 and allied rules framed thereunder, including any modifications, amendments, classifications, circulars or re-enactment thereof;
2. **“Applicable Law”** means the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) Indian Accounting Standards (including any modifications/ re-enactments thereof), and includes any other statute, law, standards, circulars, regulations or other governmental instruction relating to Related Party Transactions, applicable on the Company.
3. **“Arm’s length Transaction”** in pursuance of Explanation (b) to section 188(1) of the Act, means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest and shall be guided by the determining criteria mentioned in this Policy.
4. **“Audit Committee” / “Committee”** means the Committee of Board of Directors of the Company constituted under provisions of Section 177 of Companies Act, 2013 read with Regulation 18 of SEBI LODR;
5. **“Board”** means the Board of Directors of the Company;
6. **“Compliance Officer”** means the Company Secretary of the Company or such Compliance Officer identified by the Board for the purpose of SEBI LODR;
7. **“Key Managerial Personnel”** means
  - a. the Chief Executive Officer or the managing director or the manager;
  - b. the company secretary;
  - c. whole-time director;
  - d. the Chief Financial Officer;

- e. such other officer, not more than one level below the directors who are in whole-time employment, designated as key managerial personnel by the Board; and
- f. Such other person as may be prescribed.

8. **“Material Modification(s)”** shall mean any modification made in the terms and conditions of any on-going or proposed Related Party Transaction, as originally approved by the Audit Committee and/ or shareholders, as the case may be, having significant impact on the nature, value, tenure, exposure, or likely financial impact of such transaction, as may be determined by the Audit Committee from time to time. An illustrative list of rebuttable presumption that a modification is material, if such modification, together with previous modifications during a financial year, results into any of the following:

- i. A variation in the value of the transaction/ contract as originally approved, by 25% or more.
- ii. The terms of the contract cease to be arm’s length.
- iii. Granting of waiver, abatement or any other relief to other party, which results into a financial implication equal to 25% or more of the value of the contract.
- iv. Extension of tenure of contract by 25% or more of original tenure, or continuation of the contract or arrangement beyond the tenure originally agreed upon, except for completion of any residual performances.
- v. Any modification which results into the claims of either party being subordinated, or relaxation of security interest:  
Provided that giving any consent for cessation of pari- passu charge or any other security interest, provided there is adequate asset cover, shall not be deemed as modification of contract.
- vi. Any novation of the contract or arrangement to a third party.

Provided that the following shall not be considered as Material Modification:

- i. modifications which may be mandated pursuant to change in law,
- ii. modifications pursuant to and in accordance with the terms of the approved transaction/ contract, whether with or without mutual consent of parties, as the case may be,
- iii. modifications resulting from change in constitution of either of parties pursuant to scheme of arrangement (eg merger, amalgamation, demerger, etc.),
- iv. modifications which are purely technical and do not result in substantive change or alteration of rights, interests, and obligations of any of the parties,
- v. modifications uniformly affected for similar transactions with unrelated parties.

9. **“Material Related Party Transactions** under SEBI LODR” means :-

- a. <sup>where</sup> transactions to be entered into with a Related Party (other than a Wholly Owned Subsidiary), value whereof individually or taken together with previous Related Party Transactions during a financial year, exceeds Rs. 1,000 crores or ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company, whichever is lower or such other threshold as may be laid down from time to time by Applicable Law.
- b. a transaction involving payments made to a Related Party with respect to brand usage or royalty if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeding five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company;

10. **“Material Related Party Transaction under the Companies Act, 2013”** means transaction/ transactions as defined under section 188 (1) of the Act by the Company with its Related Party (ies), as defined under Section 2(76) of the Act, 2013, where the aggregate value of transaction/ transactions to be entered into individually or taken together with previous transaction(s) during a financial year, exceeds the limits as prescribed under the Act

11. **“Relative(s)”** shall have the same meaning as assigned to it under Section 2 (77) of the Companies Act, 2013 and the Rules made thereunder

12. **“Related Party”** means and includes any person or entity, who is related to the Company in terms of-

- a. Section 2(76) of the Act; or
- b. Regulation 2 (1) (zb) of SEBI LODR Regulations; or
- c. the applicable accounting standards as amended from time to time.

13. **“Related Party Transaction”** means any transaction / group of transactions in a contract with a Related Party involving transfer of resources, services or obligations regardless of whether a price is charged, 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 1st April, 2023);

Notwithstanding the foregoing, the following shall not be deemed Related Party Transactions:

- a. the issue of specified securities on a preferential basis, subject to compliance of the requirements under SEBI (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; 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.
- d. Any transaction that involves the providing of compensation to a Director or Key Managerial Personnel, in accordance with the provisions of the Act, 2013, in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
  - a. Reimbursement of expenses incurred by a Related Party for business purpose of the Company.
  - b. 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 or other pro rata interest of a Related Party included in a transaction involving generic interest of stakeholders involving one or more Related Parties as well as other parties.
  - c. Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder, and must be approved in advance by the Audit Committee.

All terms not defined herein shall take their meaning from the Applicable Laws.

### **POLICY STATEMENT**

#### **A. Identification of Related Parties and Related Party Transactions**

- a) The Compliance Officer shall at all times:
  - 1) Identify the Company's Related Parties, along with their personal/company details and compile a list thereof in accordance with SEBI LODR and the Act based on such identification as well as the disclosures provided by the Directors and Key Managerial Personnel, the details provided by the CFO or any other person responsible for Accounts & Finance function of the Company and any other information available with the Company.
  - 2) Identify such managers, departmental heads and such other employees (Designated Employees) who are responsible for entering into contracts/ arrangements/ agreements with entities for and on behalf of the Company and circulate the list of Related Parties to all such Designated Employees of the Company along with the approval thresholds for entering into transactions with such listed Related Parties.
  - 3) Set down the mechanism for reporting of such transactions proposed to be entered or entered with related parties by such Designated Employees as specified in (2) above.

- 4) Update the record of Related Parties whenever necessary and shall be reviewed at least once a year, as on 1st April every year.
- 5) Place before the Audit Committee [Quarterly] the record of Related Parties and the Designated Employees identified for reporting the Related Party Transactions.
- 6) Ensure that Senior Management Personnel discloses to the Audit Committee relating to all material, financial and commercial transactions with Related Parties, where they have personal interest that may have a potential conflict with the interest of the listed entity at large.

**Explanation** - For the purpose of this sub-regulation, conflict of interest relates to dealing in the shares of listed entity, commercial dealings with bodies, which have shareholding of management and their relatives etc.

- b) With regard to Immaterial Transactions (defined below), internal systems may be created to ensure that the Designated Employees approving the transactions are not related to the contracting parties and alternative approving authorities are put in place. The internal systems shall be placed before the Audit Committee and shall be circulated amongst all Designated Employees for effective monitoring of all Related Party Transactions whether Immaterial Transactions or otherwise.
- c) Each Director and Key Managerial Personnel is responsible for disclosing (and periodically updating) particulars of his/her relatives and his/her interest in any other entity, either as Director and/or Member and/or Partner, etc. Additionally, the Director and Key Managerial Personnel shall from time to time provide notice to the Board of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request.
- d) The Chief Financial Officer or any person responsible for Accounts & Finance function of the Company shall be responsible for identifying related party(ies) as per applicable Accounting Standards and reporting details of such related party(ies) to the Compliance Officer.
- e) All functional team members responsible for entering into any contracts / arrangements on behalf of the Company shall prepare a fact sheet detailing brief particulars of contract and the contracting party (including names of Directors and major shareholder of such party) either to the Chief Financial Officer or the Compliance Officer. The Chief Financial Officer or the Compliance Officer, shall review the fact sheet to determine whether the contracting party is a related party and if so whether the proposed transaction is within the approved limit and accord their clearance or otherwise to the proposed contracts/ arrangements.
- f) The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance from the respective functional teams so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction and consider approvals.

## **B. Hierarchy of approvals in connection with Related Party Transactions**



## **I. Audit Committee**

1. All the Related Party Transactions proposed to be entered into by the Company and any material modification thereto, shall require prior approval of the Audit Committee. Any other modification should also be approved by Audit Committee.

2. Prior approval of the Audit Committee of the Company shall also be required in the following instances:

- a. a Related Party Transaction to which the subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% (ten per cent) of the annual consolidated turnover, as per the last audited financial statements of the Company; and
- b. a Related Party Transaction to which the subsidiary of the Company is a party but the Company is not a party, 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 standalone turnover, as per the last audited financial statements of the subsidiary, with effect from 1<sup>st</sup> April, 2023.

However, such prior approval of the Audit Committee of the Company as mentioned in (a) and (b) above, shall not be required for a Related Party Transaction, wherein the listed subsidiary is a party by the Company is not a party and regulation 23 and regulation 15(2) of LODR regulations are applicable to such listed subsidiary

*Explanation: For Related Party Transactions of unlisted subsidiaries of a listed subsidiary as referred above, prior approval of the Audit Committee of the listed subsidiary shall suffice.*

No approval of Audit Committee of the Company is required:

- a. 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.
- b. where 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.
- c.

3. . Further, the Audit Committee at its discretion may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to conditions prescribed under Rule 6A of Companies (Meetings of the Board and its Powers) Rules, 2014 read with Regulation 23 of the SEBI LODR.

## **II. Board of Directors**

4. All the contracts/ arrangements prescribed under Section 188(1) of the Act, 2013 and within the threshold limits prescribed under Rule 15 (3) of Companies (Meetings of Board and its Powers) Rules, 2014, which are not in the ordinary course of business of the Company or on an arm's length basis shall, along with the in addition to the prior approval of the Audit Committee, also require prior approval of the Board of Directors of the Company.

### **III. Shareholders**

5. All the Material Related Party Transactions under the SEBI (LODR) Regulation, 2015 whether or not in the ordinary course of business of the Company or on an arm's length basis)) and subsequent modification thereto, shall require prior approval of the shareholders through ordinary resolution and all the entities falling under the definition of Related Parties, irrespective of whether the Related Party(ies) is a party to the particular transaction or not, shall not vote to approve the relevant transaction -

However, the approval of the shareholders Material Related Party Transactions under the Act, shall not apply if the same is entered into with or between the wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval..

### **C. Procedures for review and approval of Related Party Transactions by the Audit Committee**

- a) Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.
- b) Only those members of the Audit Committee, who are independent directors, shall vote to approve a Related Party Transaction.
- c) To facilitate review of each Related Party Transaction for granting approval (whether specific or omnibus), the Audit Committee will be provided with all relevant information of the Related Party Transaction, including the purpose, terms and details of the transaction, the benefits, rights and obligations of the Company and the Related Party, and any other relevant information *inter-alia* , specifically, the disclosures as required to be given as per the SEBI circular SEBI/HO/CFD/CMD1/CIR/P/2021/662, dated 22nd November, 2021<sup>1</sup>
- d) The Audit Committee will consider the following factors, among others, to the extent relevant to the appropriate Related Party Transaction:
  - i. Whether the terms of the Related Party Transaction are fair and on arms-length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party?

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<sup>1</sup> [https://www.sebi.gov.in/legal/circulars/nov-2021/disclosure-obligations-of-listed-entities-in-relation-to-related-party-transactions\\_54113.html](https://www.sebi.gov.in/legal/circulars/nov-2021/disclosure-obligations-of-listed-entities-in-relation-to-related-party-transactions_54113.html)

- ii. Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any?
  - iii. Whether the Related Party Transaction would affect the independence of any Independent Director?
  - iv. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of, or in connection, with the proposed transaction?
  - v. Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company?
  - vi. What is the purpose of, and the potential benefits to the Company from the Related Party Transaction?
  - vii. What is the approximate amount of the Related Party's interest in the transaction without regard to the amount of any profit or loss? and
  - viii. Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the benefits arising therefrom to the Company or Related Party, the direct or indirect nature of interest of the Director, Key Managerial Personnel or other Related Party in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deem relevant?
- e) Where Related Party transactions have been entered into prior to such transactions being placed before the Committee along with reasoned explanation for the same must be received from the contracting employees to the satisfaction of the Audit Committee. The Audit Committee may ratify such transactions, or may put forth the transactions before the Board along with its recommendations and the Board may either ratify such transactions or seek to avoid the same.
  - f) Related Party Transactions that are not in ordinary course of business but on arm's length basis may be approved by the Audit Committee. Where such transactions fall under Section 188, the Audit Committee shall recommend the transaction for approval of the Board.
  - g) Related Party Transactions that are not on arm's length basis, irrespective whether the transactions are covered under Section 188 or not, shall not be approved by Audit Committee and shall be recommended to the Board for appropriate action.
  - h) The Audit Committee shall mandatorily review the statement of all related party transactions (as defined by Audit Committee) submitted by management.
  - i) The Audit Committee shall mandatorily review the statement of significant related party transactions (as defined by the Audit Committee) submitted by management atleast on a quarterly basis.

- j) The Audit Committee will undertake an evaluation of the Related Party Transaction. If that evaluation indicates that the Related Party Transaction would require the approval of the Board, or if the Board in any case elects to review any such matter, the Audit Committee will report the Related Party Transaction, together with a summary of material facts, to the Board for its approval.

#### **D. Omnibus Approval by the Audit Committee**

- a) For the ease of carrying out transactions/ contracts/ arrangements, the Audit Committee may grant omnibus approvals to the proposed Related Party Transactions, at the last meeting every preceding financial year and such approvals shall be valid till the conclusion of the immediately following financial year only.
- b) Where the need/purpose of the transactions to be entered into with Related Parties cannot be foreseen and details related to name of the party, nature of transaction, maximum amount of transaction, indicative base price / current contracted price and the formula for variation in the price and such other parameters as may be laid down by the Audit Committee, are not available at the time of taking such approval, the omnibus approval for such transactions shall be granted subject to their value not exceeding Rs.1 crore per transaction (Immaterial Transactions), which shall be approved in accordance with the procedures mentioned in this Policy.
- c) Transactions value not included in sub-clause (b) above, may be granted omnibus approval by Audit Committee subject to criteria specified hereunder.
- d) Omnibus approvals shall be granted based on the following:
- i. Frequency of the transactions in the last [3] years;
  - ii. Volumes of transactions undertaken with such Related Party. The maximum value of the transactions, per transaction or in aggregate, per related party, shall not exceed the following –
    1. the threshold limits as provided in the Policy i.e. for Material Related Party Transactions under SEBI LODR Material Related Party Transactions under LODR; or
    2. the threshold limit as provided under Para 10 of the Policy i.e. for Material Related Party Transactions under the Act, 2013.
  - iii. Disclosure of the following matters to the Audit Committee at the time of seeking omnibus approval in a manner so as to enable effective decision making:
    1. Projected growth rate in the business with the Related Party in the financial year for which omnibus approval is sought.
    2. Contractual terms offered by third parties for similar transactions
    3. Adherence to any conditions on the contractual terms with such Related Parties for instance floor and cap on the pricing, credit terms, escalation in costs, quality checks etc.
  - iv. Such omnibus approval shall specify the following:

- a. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
- b. the indicative base price or current contracted price and the formula for variation in the price, if any;
- c. The maximum transaction values and/or the maximum period for which the omnibus approval shall be valid; and
- d. such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and the aforesaid details are not available, the Audit Committee may grant omnibus approval for Immaterial Transactions as defined above.

v. Where the Audit Committee is not convinced on the need for granting omnibus approvals, the Audit Committee may reject the proposal placed before it with reasonable explanation for the same.

vi. Notwithstanding the generality of foregoing, Audit Committee shall not grant omnibus approval for following transactions:

- a. Transactions which are not in ordinary course of business or not on arm's length basis;
- b. Transactions in respect of selling or disposing of the undertaking of the Company;
- c. Transactions which are not in the interest of the Company;
- d. Such other transactions specified under Applicable Law from time to time.
- e. Where the Audit Committee has granted omnibus approval for certain transactions, the transactions will be put for review before the Audit Committee quarterly in every financial year.

Exceptions allowed under Applicable Laws to Related Party Transactions may be exempted from the scope of this policy subject to the discretion of the Audit Committee.

#### **E. Review and approval of Related Party Transactions by the Board of Directors**

- a) If the Audit Committee determines that a Related Party Transaction should be brought before the Board, whether in view of internal pre-determined threshold or otherwise or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.
- b) Transactions covered under Section 188 of the Act, 2013 that are proposed to be undertaken not in ordinary course of business or not on an arm's length basis, shall require prior approval of Board. Where prior approval is not obtained, the same shall be ratified within 3 months from the date on which such contract or arrangement was entered into.

- c) The interested Directors shall abstain from participation in the discussion and shall not be present during discussion.
- d) The approval of the Board of Directors will be subject to following thresholds, except in case of transactions with wholly owned subsidiaries:
  - i. In case of transactions covered under Section 188, not exceeding the thresholds specified under Para 8 of the Policy unless the transaction is taken for prior approval of shareholders;
  - ii. In case of all related party transactions, not exceeding the threshold specified under Para 9 of the Policy unless the transaction is taken for approval of shareholders.
- e) If the Related Party Transaction needs to be approved at a general meeting of the shareholders by way of a resolution, the Board shall ensure that the same be put up for approval by the shareholders of the Company.

**F. Approval of Material Related Party Transactions under the SEBI LODR and the Act, 2013 by Shareholders**

- a) All Material Related Party Transactions under the Act or SEBI LODR, and any subsequent material modifications thereto, shall require prior approval of shareholders through ordinary resolution and all the entities falling under the definition of Related Parties, irrespective of whether the entity is a party to the particular transaction or not, shall abstain from voting on the relevant transaction.
- b) The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 of Act, 2013 shall contain all the relevant information and disclosure including *inter-alia* the following particulars, namely:-
  - i. A summary of the information provided by the management of the Company to the Audit Committee as specified in clause (d) of Part C of this Policy;
  - ii. Justification for why the proposed transaction is in the interest of the Company;
  - iii. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the details specified below –
    - a. details of the source of funds in connection with the proposed transaction;
    - b. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments -
      - i. nature of indebtedness;
      - ii. cost of funds; and
      - iii. tenure;
    - c. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
    - d. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction
  - iv. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;

- v. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
  - vi. Any other information that may be relevant
- c) Where obtaining of prior approval is not possible, the transactions shall be subject to ratification within three months from the date on which such contract or arrangement was entered into.

#### **G. Standards for Review**

- a. Related Party Transaction reviewed under this Policy will be considered approved or ratified if it is authorized by the Audit Committee / Board, as applicable, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction.
- b. The Audit Committee / Board will review all relevant information available to it about the Related Party Transaction. The Audit Committee / Board, as applicable, may approve / ratify / recommend to the shareholders, the Related Party Transaction only if the Audit Committee / Board, as applicable, determines in good faith that, under all of the circumstances, the transaction is fair as to the Company. The Audit Committee / Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction.

#### **H. Ratification of Related Party Transactions not approved under this Policy**

- a) If prior approval of the Audit Committee / Board / shareholders for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee and the Board / shareholders, if required, within 3 months of entering in the Related Party Transaction or any time period allowed under Applicable Laws.
- b) In any case where either the Audit Committee / Board / a general meeting determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee or Board or the shareholders, as appropriate and applicable, may direct additional actions, including but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee / Board has authority to modify or waive any procedural requirements of this Policy.
- c) In cases where a transaction is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into or such other time period as may be allowed under Applicable Laws, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.
- d) In determining whether to approve or ratify a Related Party Transaction, the Audit Committee / Board will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favourable than terms

generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Person's interest in the transaction.

- e) No director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the director / Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee / Board.
- f) If a Related Party Transaction will be ongoing, the Board / Audit Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Board, on at least an annual basis, shall review and assess on-going relationships with the Related Party to ensure that they are in compliance with the Act and rules made thereunder, SEBI LODR and this Policy and that the Related Party Transaction remains appropriate.
- g) Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

### **I. Determination of Ordinary Course of Business**

- a) A transaction shall be deemed to be "in the Ordinary Course of Business" of the Company, if:
  - 1. Any of the following conditions are met:
    - i. The transaction, including, but not limited to sale or purchase of goods or property, or acquiring or providing of services, conveying or accepting leases, transfer of any resources, hiring of any executives or other staff, providing or availing of any guarantees or collaterals, or receiving or providing any financial assistance, or issue, transfer, acquisition of any securities, is in the normal routine of the Company's business; or
    - ii. The transaction is in the nature of reimbursements, received or provided, from or to any related party, whether with or without any mark-up towards overheads, and is considered to be congenial for collective procurement or use of any facilities, resources, assets or services and subsequent allocation of the costs or revenues thereof to such related party in an appropriate manner; AND
  - 2. The transaction is not
    - i. an exceptional or extra ordinary activity as per applicable accounting standards or financial reporting requirements;
    - ii. Any sale or disposal or any undertaking of the Company, as defined in explanation (i) to clause (a) of sub-section (1) of section 180 of Companies Act, 2013.
- b) In order to decide whether or not a contract or arrangement is being entered by the Company is in its ordinary course, the Company shall consider whether such contract/ arrangement is germane to attainment of the main objects as set out in its Memorandum of Association.
- c) The Company may also consider whether the transaction contemplated under the proposed contract or arrangement is either similar to contracts or arrangements which have been undertaken in the past, or, in the event that such transaction is being undertaken for the first time, whether the Company intends to carry out similar transactions in the future.



- d) These are not exhaustive criteria and the Audit Committee may assess transactions, considering its specific nature and circumstances.

#### **J. Criteria for determination of Arms' length nature of the Related Party Transaction**

- a) The following illustrative tests may be used by the Audit Committee for ascertaining arm's length nature of contracts / arrangements that may be entered into by the Company with related parties, or any modification, variation, extension or termination thereof: -
- i. The contracts/ arrangements are entered into with Related Parties, are at such prices/ discounts/ premiums and on such terms which are offered to unrelated parties of similar category/ profile.
  - ii. The contracts/ arrangements have been commercially negotiated.
  - iii. The pricing is arrived at as per the rule/guidelines that may be issued by or acceptable for the purpose of Ministry of Corporate Affairs, Government of India/ Income Tax Act, 1961, Securities and Exchange Board of India as applicable to any of the contract/ arrangements contemplated under the Companies Act, 2013, Rules framed thereunder or SEBI LODR.
  - iv. The terms of contract/arrangement other than pricing are generally on a basis similar to those as may be applicable for similar category of goods and services or similar category/ profile of counterparties.
- v. Such other criteria as may be issued under Applicable Law.
- b) Further, in order to determine the optimum arm's length price, the Corporation may also apply the most appropriate method from any of the following methods as prescribed under Section 92C(1) of the Income Tax Act, 1961 read with Rule 10B of the Income Tax Rules, 1962 -
- i. Comparable Uncontrolled Price method (CUP method)
  - ii. Resale Price Method
  - iii. Cost Plus Method
  - iv. Profit Split Method
  - v. Transactional Net Margin Method
  - vi. Other Method as prescribed by the Central Board of Direct Taxes
- c) The Audit Committee shall be entitled to rely on professional opinion or representation from the counter party in this regard.

#### **K. Disclosures**

- a) The Company shall provide all the disclosures with respect to Related Party Transactions as may be required under Applicable Laws.
- b. Annual affirmations shall be provided in the format prescribed under SEBI LODR to be submitted by the listed entity at the end of financial year (for the whole of financial year).

c. The Company shall disclose this Policy on its website and also provide web link to the same in the Annual Report of the Company.

d. The Company shall disclose the necessary details in the Annual Report as Para A of Schedule V of the SEBI LODR.

e. Disclosures in respect of Related Party Transactions, Material Related Party Transaction, agreements, arrangements, contracts and Policy will be made in accordance with the Applicable Law (as amended from time to time) to the stock exchanges and publish the same on its website.

f. The Company shall keep one or more registers as specified under Applicable Law giving separately the particulars of all contracts or arrangements with any Related Party.

#### **L. Policy Review**

This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the SEBI LODR or as may be otherwise prescribed by the Audit Committee/ Board from time to time. The Policy shall be mandatorily reviewed by the Board of Directors at least once in every three years.

**This policy has been reviewed and approved by the Board of Directors of the Company at its meeting held on 27.07.2023**

**Date: 27.07.2023**

**Place: Kolkata**