

**GREAVES COTTON LIMITED  
POLICY FOR RELATED PARTY TRANSACTIONS  
VERSION 0.6**

**GREAVES COTTON LIMITED  
RELATED PARTY TRANSACTIONS POLICY  
& STANDARD OPERATING PROCESS**

This policy will be effective from 8<sup>th</sup> February 2022.

All business units shall adhere to the principles and guidelines specified in the policy below for recognition, measurement and disclosure of Related Party Transactions.

**I. PREAMBLE**

The Companies Act, 2013 (Act) read with the Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time (Rules) introduced specific provisions connected with related party transactions and defined the terms related parties, (material) related party transactions, relatives and key management personnel. The Act and the Rules have also laid down the financial limits and the approval process for such transactions.

In addition, the Securities and Exchange Board of India (SEBI) reviewed the provisions of the Listing Agreement vis-a-vis the Companies Act, 2013 and with the objective of aligning with the provisions of the Companies Act, 2013, adopt best practices on corporate governance and to make the corporate governance framework more effective, revised Clause 49 of the Listing Agreement. Pursuant to the revised Clause 49 VII C of the Listing Agreement (Clause 49), all listed companies need to formulate a policy on materiality of related party transactions and also a policy on dealing with related party transactions.

Accordingly, the Board of Directors (Board) of Greaves Cotton Limited (“Company” or “GCL”) adopted a policy and a standard operating procedure to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Act, the Rules and the Listing Agreement.

This Policy was considered and approved by the Board at its Meeting held on 31<sup>st</sup> July, 2014 to be effective from 1<sup>st</sup> October, 2014.

With effect from 1<sup>st</sup> December, 2016 SEBI replaced the Listing Agreement with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations) and accordingly necessary changes were made in this Policy in line with amendments in SEBI LODR Regulations from time to time.

**II. OBJECTIVE**

In its endeavor to ensure due and proper compliance with the applicable provisions and to ensure that proper procedure is defined and followed for approval / ratification and reporting of transactions as applicable, between the Company or its subsidiaries and any of its Related Parties, this policy has been adopted by the Company's Board of Directors. The provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws.

**GREAVES COTTON LIMITED**  
**POLICY FOR RELATED PARTY TRANSACTIONS**  
**VERSION 0.6**

The Policy and procedures have been designed to achieve due and timely compliance with the statutory requirements governing related party transactions by ensuring that:

- i. Related Parties are identified;
- ii. Related Party Transactions are evaluated;
- iii. Necessary approvals are obtained;
- iv. Related Party Transactions are appropriately recorded; and
- v. Proper disclosures of the Policy and the Related Party Transactions are made including disclosure of all transactions in the Annual Financial Statements.

**III. SCOPE**

This Policy is applicable to all related party transactions across all business units of GCL and its subsidiaries in India.

**IV. DEFINITIONS & EXPLANATIONS (Please refer to Annexure - A)**

**V. POLICY**

**A. Audit Committee approval**

- i. Following transactions, shall require the prior approval of the Independent Directors being member of the Audit Committee..
  - a. All Related Party Transactions;
  - b. All subsequent Material Modifications (as defined in clause xiii of this Policy) ;
  - c. With effect from 1<sup>st</sup> April 2022, a Related Party Transaction to which the subsidiary of a 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 consolidated turnover, as per the last audited financial statements of the Company;
  - d. With effect from 1<sup>st</sup> April 2023, 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.
- ii. The Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as provided in point no. 2 (iii) of Para D.
- iii. If the Audit Committee does not approve a transaction, other than the related party transactions referred to in Section 188 requiring Board / shareholder approval, the Audit Committee shall make its recommendations to the Board.
- iv. If a transaction not exceeding Rs. 1 crore is entered into with a related party without the prior approval of the Audit Committee and such transaction is not

**GREAVES COTTON LIMITED**  
**POLICY FOR RELATED PARTY TRANSACTIONS**  
**VERSION 0.6**

ratified by the Audit Committee within 3 months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee. In the event, the transaction is with a related party to a Director or is authorized by another Director, such Director shall indemnify the Company against any loss incurred by it for entering into such transaction without the Audit Committee approval.

- v. Following Related Party Transactions will not require approval of the Audit Committee
- a) Transaction between the Company and its wholly owned subsidiary, unless such transaction requires approval of Board/Shareholders, as the case may be under Section 188.
  - b) Transaction between two wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
  - c) Transaction to which a listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the SEBI LODR Regulations are applicable to such listed subsidiary.
  - d) Transactions of unlisted subsidiaries of a listed subsidiary as referred to in (c) above, if prior approval of the audit committee of the listed subsidiary has been obtained.

**B. Board of Directors approval**

All Related Party Transactions entered into by the Company that are:

- not in the ordinary course of business, or
  - in the ordinary course of business but not at arms' length or
  - neither in the ordinary course of business nor at arms' length
- shall require the prior approval of the Board of Directors at a Meeting of the Board pursuant to the provisions of the Companies Act, 2013.

**C. Shareholders' approval**

The following Related Party Transactions shall be subject to prior approval of shareholders of the company by way of a resolution:

- All Material Related Party Transactions;
- Subsequent Material Modifications (as defined in clause xiii of this Policy) to Related Party Transactions;
- Related Party Transactions, as provided in Section 188 of Companies Act, 2013 which are not in the Ordinary Course of Business or not executed at an arm's length basis, exceeding the threshold limits as may be prescribed under the Companies Act 2013 and the Rules made thereunder.

Approval of Shareholders of the Company shall not be required for following related party transactions

- a) Transactions entered into with wholly owned subsidiaries whose accounts are consolidated with the Company.
- b) Transaction between two wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the

**GREAVES COTTON LIMITED**  
**POLICY FOR RELATED PARTY TRANSACTIONS**  
**VERSION 0.6**

- general meeting for approval.
- c) Transaction to which a listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the SEBI LODR Regulations are applicable to such listed subsidiary.
  - d) Transactions of unlisted subsidiaries of a listed subsidiary as referred to in (c) above, if prior approval of the shareholders of the listed subsidiary has been obtained.

No Related Party shall vote to approve such resolution whether the entity is Related Party to the particular transaction or not.

**D. Process for approval**

1. The Audit Committee will determine, in line with this Policy, whether the transaction submitted to it does, in fact, constitute a Related Party Transaction, requiring compliance under this Policy.
2. Review and Approval of Related Party Transactions
  - i. Any Director, who is interested in any Related Party Transaction, shall recuse him-self or her- self from discussion and voting on the approval of the Related Party Transaction.
  - ii. To review a Related Party Transaction, the Audit Committee will be provided with all relevant material information of the Related Party Transaction, which inter-alia shall include:
    - a. Type, material terms and particulars of the proposed transaction;
    - b. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
    - c. Tenure of the proposed transaction (particular tenure shall be specified);
    - d. Value of the proposed transaction;
    - e. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
    - f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
      - i) details of the source of funds in connection with the proposed transaction;
      - ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
        - nature of indebtedness;
        - cost of funds; and
        - tenure;
      - iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
      - iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
    - g. Justification as to why the RPT is in the interest of the listed entity;
    - h. A copy of the valuation or other external party report, if any such report

**GREAVES COTTON LIMITED**  
**POLICY FOR RELATED PARTY TRANSACTIONS**  
**VERSION 0.6**

has been relied upon;

i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;

j. Any other information that may be relevant or required to be placed as per prevailing statute or reasonably required to decide whether such transaction is Related Party Transaction or not including any additional information about the transaction that the Audit Committee may reasonably request.

iii. In determining whether to approve a Related Party Transaction, the Audit Committee may consider giving omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

a) The Audit Committee shall, after obtaining approval of the Board of Directors, lay down the criteria for granting the omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature.

b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;

c) Such omnibus approval shall specify (i) the name/s of the related party, nature of the 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;

d) Provided that where the need for Related Party Transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

e) The Audit Committee shall review, at least on a quarterly basis, the details of the Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.

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

g) The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis

iv. In determining whether to approve a Related Party Transaction the Committee will consider, inter alia, the following factors to approve a Related Party Transaction:

a. Whether the terms and conditions of the Related Party Transaction are fair and on an Arms' Length basis to the Company and are in the ordinary course of business of the Company;

**GREAVES COTTON LIMITED**  
**POLICY FOR RELATED PARTY TRANSACTIONS**  
**VERSION 0.6**

- b. Whether there are compelling business reasons for the Company to enter into the Related Party Transaction as against the normal transactions;
- c. Whether the Related Party Transaction would affect the independence of an independent director;
- d. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of, or in connection with, the proposed transaction;
- e. Whether the Related Party Transaction would amount to a conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, nature of direct or indirect interest of directors, Key Managerial Personnel or other Related Party in the transaction and the ongoing nature of any proposed relationship and such other aspects as may be deemed relevant to the Committee;
- f. If the Committee determines that a Related Party Transaction should be brought before the Board or if the Board itself elects to review any such matter or it is mandatory under any law for the Board to approve such Related Party Transaction, then the criteria set out above shall also apply to the Board's review and approval of the matter with such modifications as may be necessary or appropriate under the circumstances.
- v. If the Board determines that a Related Party Transaction should be brought before the Shareholders or it is mandatory under any law for the Shareholders to approve such Related Party Transaction, then the Chairman of the Board will ensure obtaining requisite approval of the Shareholders.
- vi. Notwithstanding the foregoing,
  - i. the following Related Party Transactions shall not require approval of the Audit Committee or Shareholders:
    - a. Payment / Reimbursement of expenses to a Director or Key Managerial Personnel incurred pursuant to the performance of duties and discharge of obligations in connection with the business and operations of the Company.
    - b. Any transaction of purchase by any director or KMP or their relatives of any products of the Company or goods dealt in by the Company.

**VI. REVIEW BY THE AUDIT COMMITTEE**

- a. The standard operating procedure designed by Management for compliance with

**GREAVES COTTON LIMITED**  
**POLICY FOR RELATED PARTY TRANSACTIONS**  
**VERSION 0.6**

this Policy shall be periodically reviewed by the Audit Committee to ensure that it is effective, efficient and delivers it objective.

- b. This Policy shall be reviewed by the Audit Committee on an annual or periodic basis and if required, changes shall be made in the light of the latest requirement and applicable legislation. The said recommendations of the Audit Committee shall be presented to the Board for approval.

**VII. VIOLATION OF THE POLICY**

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy prior to its consummation, the same shall be reviewed by the Audit Committee / Board as follows:

- a. The Audit Committee or Board or Shareholders, as the case may be, will consider all the relevant facts and circumstances regarding the Related Party Transaction, and evaluate all options available to the Company, including ratification within 3 months of the date of the contract or arrangement, whether ratification should be allowed and if ratified whether it would be beneficial or detrimental to the Company, revision or termination of the Related Party Transaction including the facts and circumstances of failure to obtain approval / report such Related Party Transaction to the Audit Committee or the Board or Shareholders under this Policy and take such action as deemed appropriate. In case, such contract or arrangement is not so ratified, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders.
- b. It shall be open to the Company to proceed against a Director or any other employee who had entered into such a contract or arrangement in contravention of the provisions of this Policy for recovery of any loss sustained by it as a result of such contract or arrangement.
- c. Where the Audit Committee or Board, as the case may be, determines not to ratify a Related Party Transaction that has been commenced without approval, it may direct such additional actions including, but not limited to, immediate cancellation of such transaction or recovery action against a Director or KMP who had entered in to such contract or arrangement in contravention of the provisions of the Act or SEBI LODR Regulations.
- d. Any Director or any other employee of a Company, who had entered into or authorized the contract or arrangement in violation of the provisions of the Companies Act, 2013 or SEBI LODR Regulations shall be subject to such proceedings as specified under the relevant law.
- e. If such contract or arrangement is with a related party with reference to any Director, or is authorised by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by it.

**VIII. DISCLOSURE OF RELATED PARTY TRANSACTION**

1. The details of Related Party Transactions shall be disclosed in the Annual report of the Company, to the Stock Exchanges and other regulatory bodies as per the

**GREAVES COTTON LIMITED**  
**POLICY FOR RELATED PARTY TRANSACTIONS**  
**VERSION 0.6**

applicable provisions of Indian Accounting Standards, the Act, SEBI LODR or any other applicable laws and regulations.

2. The Explanatory Statement annexed to the Notice convening General Meeting for seeking the Shareholders' approval for the Related Party Transaction should contain the following details:
  - Name of the Related Party;
  - Name of the Director or Key Managerial Personnel, who is related, if any;
  - Nature of relationship;
  - Nature, material terms, monetary value and particulars of contract or arrangement;
  - A summary of the information provided by the management of the Company to the audit committee for its approval;
  - Justification for why the proposed transaction is in the interest of the Company;
  - Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
    - 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 RPT;
  - A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
  - Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
  - Other relevant or important information which is required by statute and which helps Shareholders take a decision
3. The Policy on dealing with Related Party Transactions shall be uploaded on the Company's website
4. The Company shall mention the hyperlink of this Policy in its Annual Report.
5. This Policy will be communicated to all operational employees and other concerned persons of the Company.

**ANNEXURE – A**

**DEFINITIONS AND EXPLANATIONS**



**GREAVES COTTON LIMITED  
POLICY FOR RELATED PARTY TRANSACTIONS  
VERSION 0.6**

**i. Associate Company- Section 2(6)**

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 purposes of this clause,

(a) "significant influence" means control of at least **20%** 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.

**ii. Holding Company – Section 2 (46)**

In relation to one or more other companies, means a company of which such companies are subsidiary companies.

Explanation – For the purposes of this clause, the expression "company" includes any body corporate.

**iii. Key Managerial Personnel - Section 2 (51)**

In relation to a company means:

- the Chief Executive Officer (CEO) or the Managing Director (MD) or the Manager;
- the Company Secretary (CS);
- the Whole- time Director (WTD);
- the Chief Financial Officer (CFO);
- 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
- Such other officer as prescribed under the Companies Act from time to time.

**iv. Manager - Section 2(53)**

An individual who, subject to the superintendence, control and direction of the Board of Directors, has the management of the whole, or substantially the whole, of the affairs of a company, and includes a director and any other person occupying the position of a manager, by whatever name called, whether under a contract of service or not.

**v. Net Worth - Section 2(57)**

The aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

**GREAVES COTTON LIMITED**  
**POLICY FOR RELATED PARTY TRANSACTIONS**  
**VERSION 0.6**

**vi. Ordinary Course of Business**

Ordinary course of business shall include the usual transactions, customs and practices of the company, or transactions permitted by the Object Clause in the Memorandum of Association of the Company, or transactions that are considered while computing the business income / revenue / turnover of the Company as opposed to “income from other sources”.

**vii. Policy**

Policy means this Related Party Transactions Policy.

**viii. Related Party**

**a. Under SEBI LODR Regulations**

an entity shall be considered as related to the Company if:

- (i) such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) such entity is a related party under the applicable accounting standards; or
- (iii) Any person or entity belonging to the promoter or promoter group of the listed entity.
- (iv) With effect from 1<sup>st</sup> April 2022, any person or entity holding equity shares of twenty percent or more in listed entity either directly or beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediate financial year;
- (v) With effect from 1<sup>st</sup> April 2023, any person or entity holding equity shares of ten percent or more in listed entity either directly or beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediate financial year;

As per Indian Accounting Standard (Ind AS) 24:

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the ‘reporting entity’).

- (a) A person or a close member of that person’s family is related to a reporting entity if that person:
  - (i) has control\* or joint control of the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
  - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the

**GREAVES COTTON LIMITED**  
**POLICY FOR RELATED PARTY TRANSACTIONS**  
**VERSION 0.6**

others).

- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

\*Note: As per Indian Accounting Standards, "Control" is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

**b. Under Section 2(76) of the Act**

With reference to a company, Related Party means:

- A director or his relative
  - Key Managerial Personnel or his/ her relative
  - A firm, in which a director, manager or his relative is a partner
  - A private company in which a director or manager or his relatives is a member or director
  - 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
  - A body corporate whose board, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager, except such advice is given in a professional capacity
  - Any person on whose advice, directions or instructions a director or manager is accustomed to act, except such advice is given in a professional capacity
  - Any body 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 the Company
- Explanation: For the purpose of this clause, "the Investing Company or the Venture of the Company" means a body corporate whose investments in the Company would result in the company becoming an associate company of the body corporate.
- 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

**GREAVES COTTON LIMITED**  
**POLICY FOR RELATED PARTY TRANSACTIONS**  
**VERSION 0.6**

**ix. Relatives-Sec 2 (77)**

With reference to any person Related Party means any one person, who is related to another, if:

- they are members of a Hindu Undivided Family;
- they are husband and wife, or
- One person is related to the other if he or she is related to another as under:  
Father\*, Mother\*, Son\*, Son's wife, Daughter, Daughter's Husband, Brother\*  
and Sister\* (\*including step)

**x. Subsidiary Company or Subsidiary – Section 2 (87)**

In relation to any other company, that is the Holding company, means a company in which the holding company:

- (i) controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the Total Voting Power
  - either at its own; or
  - together with one or more of its subsidiary companies:

Explanation:

- a. a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- b. the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company, by exercise of some power exercisable by it at its discretion, can appoint or remove all or a majority of the directors;
- c. the expression "company" includes anybody corporate;
- d. "layer" in relation to a holding company means its subsidiary or subsidiaries;

**xi. Related Party Transaction**

**(i) Under SEBI LODR Regulations**

A related party transaction means a 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) With effect from 1<sup>st</sup> April 2023, 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

**GREAVES COTTON LIMITED**  
**POLICY FOR RELATED PARTY TRANSACTIONS**  
**VERSION 0.6**

of which is to benefit a related party of the listed entity or any of its subsidiaries;

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:

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.

**(ii) Under Section 177 of the Act**

Any transaction with a Related Party shall be considered as a Related Party Transaction.

**(iii) Under Section 188 of the Act**

Any contract or arrangement with respect to the following shall be considered as a Related Party Transaction:

- sale, purchase or supply of any goods or materials;
- selling or otherwise disposing of, or buying, property of any kind;
- leasing of property of any kind;
- availing or rendering of any services;
- appointment of any agent for purchase or sale of goods, materials, services or property;
- appointment of a person to any office or place of profit in the company, its subsidiary company or associate company;
- under writing the subscription of any securities or derivatives thereof of the Company

Explanation:

**i. Arms’ length transaction - Section 188 (1)**

The expression “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.

**GREAVES COTTON LIMITED  
POLICY FOR RELATED PARTY TRANSACTIONS  
VERSION 0.6**

**ii. Office or place of profit - Section 188 (1)**

Office or place of profit means any office or place of profit:

- (i) is held by **a director**, if the director holding it receives from the company anything by way of remuneration, over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- (ii) is held by **an individual** other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

**xii. Material Related Party Transactions**

**a. Under SEBI LODR Regulations**

- i. A Related Party Transaction shall be considered Material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1000 crore or 10% of the annual consolidated turnover of the Company as per the last audited Financial Statements of the Company, whichever is lower.
- ii. A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 5% of the annual consolidated turnover of the Company as per the last audited Financial Statements of the Company.

**b. Under the Act**

Threshold limits as may be prescribed under the Companies Act 2013 and the Rules made thereunder.

**xiii. Material Modification**

Material Modification shall mean any variation in the value of the transaction/contract which has an impact on the transaction/contract in excess of 10% or more as originally approved.

Explanation: Any words used in the Policy but not defined herein shall have the same meaning ascribed to it in the Act or Rules made thereunder, SEBI LODR, Indian Accounting Standards or any other relevant legislation/law applicable to the Company.

**ANNEXURE – B**

**STANDARD OPERATING PROCEDURE**

**A. Identification of Related Parties-**

**GREAVES COTTON LIMITED**  
**POLICY FOR RELATED PARTY TRANSACTIONS**  
**VERSION 0.6**

The Secretarial Department, in consultation with the Corporate finance department, shall be responsible for creating and maintaining the data base of all the related parties

Each Director and Key Managerial Personnel of the Company shall be asked to provide the pertinent details of all their Related Parties in March every year.

In the event of any change in the details provided, it shall be the responsibility of each Director and Key Managerial Personnel to inform the Company within 30 days of the change.

The Secretarial Department shall circulate the list of all the Related Parties to the Apex Business Committee (ABC), senior management (as given in SOA) and Business financial controllers, Treasury and regional accounts.

**B. Process for Identification of Related Party Transactions and Approval:**

- i. Each Director and KMP is responsible for providing notice to the Audit Committee of any potential Related Party Transaction involving him / her or his / her Relative including any additional information about the transaction that the Audit Committee may reasonably request. The Audit Committee shall determine whether the transaction does in fact constitute a Related Party Transaction requiring compliance with this Policy. The Company should receive such notice of any potential Related Party Transactions well in advance so that the Committee has adequate time to obtain and review information about the proposed transaction.
- ii. Corporate Accounts will give financial figures relating to the turnover and net worth by 15<sup>th</sup> May of every year.
- iii. Apex Business Committee members, Senior management, Corporate accounts, Finance Controllers, regional accounts will identify planned transactions with Related Parties based on the list and with related parties of the subsidiaries as per the applicable law. No such related party transaction shall be entered into without the Secretarial Department confirming that the necessary approvals have been obtained.
- iv. Details of the transaction will be given to the Secretarial Department by the respective department through local accounts viz. corporate accounts, BU financial controllers, regional accountant as the case may be.
- v. The Company Secretary will place the transaction before the Audit Committee for approval. The Audit Committee may approve or reject the transaction or may refer the transaction to the full Board for consideration.
- vi. If a transaction is **material** as defined, approval of the Shareholders will be necessary. The secretarial department shall be responsible for obtaining approval of the shareholders.
- vii. If a transaction is not material, but is not at arm's Length and not in the course of ordinary business, the Company Secretary shall place the transaction before Board meeting for consideration and approval.
- viii. On obtaining the appropriate approval as mentioned above, the secretarial

**GREAVES COTTON LIMITED  
POLICY FOR RELATED PARTY TRANSACTIONS  
VERSION 0.6**

department will inform the respective department, BU financial controller, regional accounts of the approval permitting them to enter in to the transaction.

- ix. Only after such intimation from the Secretarial Department, can the respective departments, BUs, or Region enter into the agreement.