

**POLICY ON RELATED PARTY TRANSACTIONS  
OF  
GREAVES COTTON LIMITED**

<b>Sr. No.</b>	<b>Date of the Board Meeting for Approval/ Amendment</b>	<b>Effective Date</b>
1.	31 <sup>st</sup> July, 2014	1 <sup>st</sup> October, 2014
2.		1 <sup>st</sup> December, 2016
3.	03 <sup>rd</sup> August, 2017	03 <sup>rd</sup> August, 2017
4.	04 <sup>th</sup> February, 2019	04 <sup>th</sup> February, 2019
5.	05 <sup>th</sup> November, 2020	05 <sup>th</sup> November, 2020
6.	08 <sup>th</sup> February, 2022	08 <sup>th</sup> February, 2022
7.	12 <sup>th</sup> May, 2023	12 <sup>th</sup> May, 2023
8.	08 <sup>th</sup> February, 2024	08 <sup>th</sup> February, 2024

## I. INTRODUCTION

The Board of Directors of Greaves Cotton Limited (hereinafter referred to the 'Company' or 'GCL'), on the recommendations of the Audit Committee, has adopted this Policy on Related Party Transactions ('Policy') to regulate transactions by and between the Company and its Related Parties and simultaneously comply the provisions of the Companies Act, 2013 ("the Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The Policy intends to ensure the following: -

- a. Identification of Related Parties;
- b. Evaluation of Related Party Transactions
- c. Approvals required for Related Party Transactions; and
- d. Reporting and disclosure of Related Party Transactions;

## II. SCOPE

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

## III. DEFINITIONS & EXPLANATIONS

- a. **Arm's Length Transaction** means a related party transaction between two Related Parties that is conducted as if they are unrelated, so that there is no conflict of interest.
- b. **Material Modification** shall mean any modification to the previously approved Related Party Transaction which shall result in a variance of the price, pricing formula, quantity and/or overall transaction value by 10% or more.
- c. **Material Related Party Transactions** means the transaction that crosses the limits as specified under the Act or the Listing Regulations.
- d. **Ordinary Course of Business** means a related party transaction in the 'Ordinary Course of Business' if it satisfies any of the following conditions:
  - (i) covered under the object clause of the Memorandum of Association of the Company
  - (ii) repetitive / frequent in nature
  - (iii) common in a particular industry
  - (iv) in furtherance of the business objects and / or business purposes of the Company.

The above list is not exhaustive, and the Company will assess each transaction basis its type and nature.

e. **Policy** means this Policy on Related Party Transactions.

f. **Related Party**

- i. a related party defined under of the Act;
- ii. a related party defined under the Listing Regulations.

g. **Related Party Transaction** means a transaction defined as a related party transaction under the Act or Listing Regulations.

h. **Relative** means persons as defined in the Act and rules prescribed thereunder.

Any word / term used in the Policy and not defined herein shall have the same meaning ascribed to it in the Act or Rules made thereunder, Listing Regulations, Indian Accounting Standards or any other relevant legislation/law applicable to the Company.

#### IV. **DEALING WITH RELATED PARTY TRANSACTIONS**

Every Director and Key Managerial Personnel ('KMP') of the Company and the subsidiaries shall, at the time of appointment, annually and whenever there is any change in the information already submitted, provide the requisite information about his or her relatives and all persons, firms, entities, bodies corporate in which he / she is interested, whether directly or indirectly, to the Company Secretary of the Company or of their respective subsidiary. Every such director and KMP shall also provide any additional information about the transaction that the Board /Audit Committee may reasonably request.

a. **Identification of Related Parties**

- i. The Company shall frame a Standard Operating Procedures ('SOPs') for identifying Related Party Transactions and the said SOPs are required to be adhered to by the Company including all the subsidiaries of the Company while dealing with the Related Party Transactions.
- ii. The Company shall periodically, preferably on quarterly basis, identify and update the list of related parties as prescribed under the Act read with the Rules framed there under, the Listing Regulations and as per applicable provisions of the Accounting Standards, as amended from time to time.

b. **Evaluation of Related Party Transactions**

The Finance department of the Company and its subsidiaries shall identify related party transactions on an ongoing basis.

Potential transactions with any of the Related Parties as per the consolidated list shall be

submitted for requisite approval by the Finance Department. A proposal with details as required under the provisions of the Act or Listing Regulations including any circular issued in this regard shall be submitted for review in relation to the proposed transaction.

The Company shall also determine whether the transaction(s) is in the ordinary course of business and on an arm's length basis and for this purpose, the Company may seek external expert opinion, if necessary.

In case there are any material related party transaction or subsequent modification to the existing related party transaction undertaken by the Company including the subsidiaries, then details of such transaction / modification shall be provided by the management of the Company including the subsidiaries of the Company on a quarterly basis for requisite approval by the Audit Committee / Board / Shareholder's, as the case may be.

## **c. Approval of the Related Party Transactions**

### **i. Approval of the Audit Committee**

Following transactions, shall require the prior approval of the Independent Directors being the members of the Audit Committee:

- All Related Party Transactions and subsequent modifications thereon;
- 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.
- Any other transactions as may be prescribed under law.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- The Omnibus Approval shall be in respect of transactions which are repetitive in nature and based on the conditions as elaborated in the Act and Listing Regulations.
- The omnibus approval shall be within the criteria mentioned in Point V as approved by the Board of Directors and Audit Committee.
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- When 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.

- 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.
- Such omnibus approvals shall be valid for a period of one financial year and shall require fresh approvals after the expiry of the financial year.
- In case the Audit Committee does not approve any transaction, it shall make its recommendations on such Related Party Transactions to the Board.

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

- 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;
- Whether there are compelling business reasons for the Company to enter into the Related Party Transaction as against the normal transactions;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of, or in connection with, the proposed transaction;
- 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, nature of direct or indirect interest of directors, Key Managerial Personnel in the transaction and such other aspects as may be deemed relevant to the Committee;
- 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.

ii. Approval of the Board of Directors

Following Related Party Transactions shall require prior approval of the Board of Directors of the Company:

- Transaction between the Company and its related parties which are not in the ordinary course of business and/or not at arms' length basis.
- Transactions which are mandatory under any law for Board to approve or where the Board, suo-moto chooses to review such RPTs
- Material Related Party Transactions which are proposed to be placed before the Shareholders for approval.
- Any modification to the Related Party Transactions already approved by the Board of Directors.

Any Director who is interested in any Related Party Transaction, shall abstain himself or herself from discussion and voting, when the said Transaction is being considered.

### iii. Approval of the Shareholders

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 and subsequent modifications to Related Party Transactions;
- Related Party Transactions which requires approval of the shareholder as per provisions of the Act and the Rules made thereunder.

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

### iv. Transactions for which separate approval of Audit Committee and Shareholders is not required.

The following transactions or arrangements shall not be required to be approved by the Audit Committee and Shareholders under this Policy: -

- Transactions entered by the Company with wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- Transactions 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.
- Transactions or arrangements exempted under the Act and/or Listing Regulations.

## **d. Disclosure and Reporting of Related Party Transactions and this Policy**

- i. The details of Related Party Transactions shall be disclosed in the Annual report of the Company, to the Stock Exchanges, Website of the Company and other regulatory bodies as per the applicable provisions of Accounting Standards, the Act, Listing Regulation or any other applicable laws and regulations.
- ii. A summarized statement of all related party transactions with Related Parties entered during the quarter / half year / annually shall be placed before the Audit Committee by the Company and its subsidiaries for their information, review & noting, at each quarterly meeting and shall be submitted to the stock exchanges on a half yearly basis.
- iii. This statement of Related Party Transactions shall be accompanied by confirmations from either the Chief Financial Officer of the Company / subsidiaries or any external consultant, or such other officer as may be approved by the Audit Committee regarding, inter alia, the following: -
  - identification of related parties,
  - transactions entered are on arm's length basis and in ordinary course of business,
  - the transaction is in the best interest of the Company.
- iv. The Policy on Related Party Transactions shall be uploaded on the Company's website and hyperlink of this Policy shall be mentioned in Annual Report.

## **V. CRITERIA FOR GRANTING OMNIBUS APPROVAL**

The criteria for granting omnibus approval for the related party transactions is as follows:

- a. The maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year will be 20% of the annual consolidated turnover of the Company as per last audited financial statements.
- b. The maximum value per transaction which can be allowed for Related Party Transactions under omnibus route, will not exceed 10% of the annual consolidated turnover of the Company as per last audited financial statements.
- c. Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval shall be in accordance with the Related Party Transactions Policy & Standard Operating Process.
- d. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered by the Company pursuant to each omnibus approval given.

- e. Transactions which cannot be subject to the omnibus approval by the Audit Committee and for which specific approval will have to be taken:
  - i. Transactions in respect of selling or disposing of the undertaking of the Company;
  - ii. Transactions which are not repetitive in nature;
  - iii. Transactions which are not at arm's length or not in the ordinary course of business;
  - iv. Transactions exceeding materiality thresholds as laid down in the Policy;
  - v. Transactions which exceeds the Omnibus Criteria mentioned above.

## **VI. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy, the transaction shall be placed before the Audit Committee, or the Board, or the Shareholders, as the case may be, for review and ratification within 3 months when the transaction was brought to notice of the management.

The Audit Committee, or the Board, or the Shareholders, as the case may be shall, consider all relevant facts and circumstances relating to such transaction and decide such action as it may consider appropriate, including ratification, revision or termination of the Related Party Transaction. The decision of the Approving Authority shall be binding under all circumstances.

Audit Committee may, at its discretion, examine the internal controls and the reasons for failure in reporting/ obtaining prior approval of such Related Party Transaction and direct the management to strengthen the internal controls for dealing with Related Party Transactions.

## **VII. AMENDMENT TO THE POLICY**

The Board of Director based on the recommendation of the Audit Committee shall review the adequacy of this policy at least once in every three years or as and when required.

The recommendations of the Audit Committee shall be presented to the Board for approval.

The Company Secretary is authorised to amend this Policy to give effect to any changes / amendments notified by the Ministry of Corporate Affairs or SEBI in relation to transactions with related parties. The amended policy shall be placed before the Audit Committee and Board for noting and ratification.

\*\*\*\*\*