



**RattanIndia Enterprises Limited**

**CIN: L74110DL2010PLC210263**

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## **POLICY ON RELATED PARTY TRANSACTIONS**

### **PREAMBLE**

RattanIndia Power Limited ("the Company") is a professionally managed company and has good corporate governance and internal control systems which also encompass the Related Party Transactions and the policy of the Company thereon.

Related Party Transactions commercially represent a situation, where the management of the Company needs to exercise great prudence, having regard to (i) the stipulations laid down in this regard, under the applicable laws i.e. the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Indian Accounting Standards, as amended from time to time (hereinafter the "Applicable Laws") and (ii) the need to cater to the interests of various stakeholders, including majorly, the shareholders of the Company.

This in turn dictates drawing up of a well-defined and well laid out framework, to be followed with regard to the Related Party Transactions, which strikes a balance between the requirements of the Applicable Laws on one hand and the interests of the stakeholders on the other.

Accordingly, in consonance with the corporate governance practices being followed in the Company and the requirements of the Applicable Laws, including in particular (a) Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "LODR Regulations"), which mandates that a listed company formulate a policy on materiality of related party transactions and dealing with related party transactions and (b) Sections 177 and 188 of the Companies Act, 2013 read with the relevant rules framed thereunder (the "Act"), the Company has drawn up and implemented this policy - "Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions (the "Policy on Related Party Transactions", hereinafter "Policy" for the sake of brevity)."

Recently however, a spate of amendments have been notified by Securities Exchange Board of India (SEBI), in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, necessitating commensurate amendments in various policies as approved by the Board of Directors in the past, inter alia including the Company's Policy on Related Party Transactions which also includes the section on determining materiality threshold for related party transactions (hereinafter "Policy" for the sake of brevity).

Accordingly, the Board of Directors of the Company in its meeting held on February 04, 2025, approved the relevant amendments to the Policy, which have been duly incorporated therein.

Hence, effective February 04, 2025, the Company's policy on Related Party Transactions, is as follows:

**Definitions:**

**"Act"** means the Companies Act, 2013 ('Act') read with the Rules framed thereunder, including any subsequent amendments thereto.

**"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.

**"Applicable Laws"** means collectively, the Companies Act, 2013 (the "Act"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Indian Accounting Standards, as amended from time to time.

**"Audit Committee"** means Audit Committee of the Board of Directors of the Company.

**"Board"** means Board of Directors of the Company.

**"Company"** means RattanIndia Enterprises Limited.

**"LODR Regulations"** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

**"Related Party"** means a party (i) as defined in Section 2(76) of the Act Companies Act, 2013 read with Rules thereto (ii) clause (zb) of Regulation 2 of the Listing Regulations and (iii) the applicable Accounting Standard under the Indian Accounting Standards.

**"Related Party Transaction" or "RPT"** means the following:

(i) for the purpose of the Act, specified transaction of the Company with Related Parties mentioned in clause (a) to (g) of sub-section 1 of Section 188 and clause (iv) of sub-section 4 of Section 177 of the Act, read with The Companies (Meetings of Board And Its Powers) Rules, 2014 as amended from time to time; and

(ii) for the purpose of Regulation 2(1)(zc) of the Listing Regulations, a transfer of resources, services or obligations between the following, 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:

- the Company or any of its subsidiaries on one hand and a related party of Company or any of its subsidiaries on the other hand;
- the Company 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 Company or any of its subsidiaries.

However, the following transactions by the Company or its subsidiaries, shall not be considered as Related Party Transactions, in terms of the LODR Regulations:

- 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;
- payment of dividend;
- sub-division or consolidation of securities;
- issuance of securities by way of a rights issue or a bonus issue;
- buy-back of securities; and
- retail purchases, if any, from the Company or its subsidiary, by its directors or its employees, without establishing a business relationship and at terms, which are uniformly applicable / offered to all employees and directors.

### **Material Transactions and Material Thresholds**

Regulations 23 (4) of the Listing Regulations stipulates that all “Material Related Party Transactions” shall require prior approval of the shareholders by way of an Ordinary Resolution.

In terms of Regulation as aforesaid, all transactions with a Related Party shall be considered as material if a transaction or transactions to be entered into, individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of a listed company or INR 1000 crores, whichever is lower, based on the latest audited financial statements of such listed company (the “Material” Related Party Transactions).

Furthermore, a transaction involving payments to a related party, with respect to brand usage or royalty shall be considered Material, if the transaction to be entered into either individually or taken together with any previous transaction(s) during a financial year, exceeds 5% of the annual consolidated turnover of a listed company, as per the latest audited financial statements of such company.

Thus, all transactions with related parties beyond the materiality thresholds as aforementioned would require the prior approval of the shareholders of the Company, by way of an Ordinary Resolution, irrespective of whether the relevant transaction, contract or arrangement is in the ordinary course of business and /or at an arm's length or not.

The shareholder approval shall however not be required for any transaction entered into by the Company with its wholly owned subsidiary, whose accounts are consolidated with that of the Company and placed before the shareholders of the Company at its annual general meeting or between two wholly owned subsidiaries of the Company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval, at any point of time.

Without prejudice to the above, the below mentioned related party transactions, as specified under Section 188 of the Act, being transactions which are (a) not in the ordinary course of business and at an arm's length and (b) exceed the thresholds laid down under the Companies ( Meetings of Board and its Powers) Rules, 2014, would require the prior approval of the shareholders of the Company, before being entered into:

<b>Nature of the related party transaction</b>	<b>Threshold limit</b>
Sale, Purchase or Supply of any goods or materials directly or through appointment of an agent	amounting to ten percent or more of the turnover of the Company
Selling or otherwise disposing off or buying property of any kind, directly or through the appointment of an agent	amounting to ten percent or more of the net worth of the Company
Leasing of property of any kind	amounting to ten percent or more of the turnover of the Company
Availing or rendering of any services, directly or through appointment of agent	amounting to ten percent or more of the turnover of the Company
Appointment (of a related party) to an office or place of profit in the Company or its subsidiary or associate company	at a monthly remuneration exceeding INR 2,50,000/- (Rupees Two Lakh Fifty Thousand)
Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company	Exceeding one percent of the net worth of the Company

Note: Turnover and net worth shall be, as per the audited financial statements of the Company, for the preceding financial year.

However, approval of the shareholders in terms of Section 188 of the Act, shall not be required for such transactions, as are entered into by the Company, with its wholly owned subsidiary whose accounts are consolidated with that of the Company and placed before the shareholders of the Company at its annual general meeting, even if such transactions trigger the above tabulated thresholds.

“Material modification” means any subsequent change to an existing Related Party Transaction, having variance of 25% to the existing limit.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and/or the Listing Regulations, as amended from time to time.

## **Policy:**

### **Procedure for approval of Related Party Transactions**

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

Given the dichotomy between the LODR Regulations and the Act, on Related Party Transactions, this policy aims at striking a harmony and balance between the two, in the matter.

Accordingly, therefore:

- (a) All Related Party Transactions, Material or non- material, wherein the Company is a party, shall necessarily require the prior approval of the Audit Committee.
- (b) All Related Party Transactions to which the Company is not a party but a subsidiary thereof, is a party, shall require the approval of the Audit Committee of the Company, if the value of such transaction or transactions to be entered into, individually or taken together with previous transactions during a financial year exceeds: (i) 10 % of the annual consolidated turnover of the Company, as per its latest audited financial statements or (ii) 10% of the annual standalone turnover of such subsidiary, as per its latest audited financial statements.
- (c) All Material modifications to an approved Related Party Transaction, shall require the prior approval of the Audit Committee.

Provided however that remuneration and sitting fees paid by the Company or any subsidiary of the Company, to its director, key managerial personnel or senior management, except those who are Promoters or part of the Promoter Group, shall not

require the approval of the Audit Committee, unless the same is a Material Related Party Transaction.

Only such members of the Audit Committee of the Company, who are its Independent Directors, shall approve the Related Party Transactions or any material modifications thereto.

Provided that members of the Audit Committee, who are Independent Directors may ratify a related party transaction, within three months from the date of the date of such transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:

- (i) the value of such ratified transaction with a related party, whether entered into individually or taken together, during a financial year, does not exceed Rupees One Crore.
- (ii) the transaction is not a Material Related Party Transaction
- (iii) at the time of seeking the ratification of such transaction the rationale for inability to seek prior approval of the Audit Committee shall be placed before the Audit Committee.

The Audit Committee will take into account the following, while considering the granting of approval to a Related Party Transaction

- Name of the Related Party and its relationship with the Company or any subsidiary of the Company, including the nature of its concern or interest (financial or otherwise);
- Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
- Tenure of the proposed transaction ;
- Value of the proposed transaction and the percentage;
  - (a) of the Company's annual consolidated turnover as per the latest audited financial statements of the Company, represented by such value. and,
  - (b) in case of a Related Party Transaction not involving the Company but involving a subsidiary thereof, turnover of the standalone turnover of such subsidiary as per the latest audited financial statements of such subsidiary.
- Method and manner of determining the pricing and other commercial terms;
- Whether the transaction is at arm's length; and
- Any other information relevant or important for the Audit Committee/ Board to take a decision on the proposed transaction including those specified under Master Circular no. SEBI/HO/CFD/ PoD-2/CIR/P/0155 dated November 11, 2024 the SEBI Circular no. SEBI/HO/CFD/CFD-PoD-2/CIR/P/2024/185 dated

December 31, 2024 or under any subsequent circulars that may from time be issued by SEBI.

### **Omnibus Approval**

Instead of approaching the Audit Committee for its approval to every Related Party Transaction involving the Company or its subsidiary (ies), an omnibus approval of the Audit Committee may be obtained for the same.

The Omnibus approvals shall be based on the criteria specified by the Audit Committee in terms of Regulation 23 (2) of the Listing Regulation, read with Rule 6 A of the Companies ( Meetings of Board & its Powers) Rules, 2014, as amended from time to time, framed pursuant to the approval of the Board and shall only be granted in respect of such transactions as are in the ordinary course of business and repetitive in nature and in respect whereof, the Audit Committee is satisfied that such approval justified and is in the best interests of the Company/its subsidiary.

The omnibus approvals granted by the Audit Committee, shall contain the following:

**Name of the Related Party and nature of relationship with the related party:**

- Nature, material terms and conditions, monetary values and particulars of the contract or arrangement.
  - Indicative base price /contracted price and the formula for variation in price if the need arises.
  - Any other information relevant or important to take a decision on the proposed transaction.
  - Such other conditions as the Audit Committee may deem fit.
- (i) If the need for a Related Party Transaction cannot be foreseen and the above mentioned details are not available, the Audit Committee may grant omnibus approvals provided the value of the relevant transactions does not exceed Rupees one crore per transaction.
- (ii) The Audit Committee shall review at least on a quarterly basis, the Related Party Transactions, entered into by the Company or any subsidiary thereof, pursuant to omnibus approval.
- (iii) The validity of an omnibus approval shall be a period not exceeding one financial year, provided however that where the transaction covered by an omnibus approval, is also a Material Related Party Transaction and the same has been approved by the shareholders of the Company in its Annual General Meeting, the validity of such a transaction shall be upto the date of the next Annual General Meeting.

## **II. Approval of the Board of Directors**

The Board shall approve Related Party Transactions, which are not in ordinary course of business and/or not at arm's length in the following cases:

- Transactions which fall within the purview of Section 188 of the Act read with Rule 15 of The Companies (Meetings of Board And Its Powers) Rules, 2015. Such Related Party Transactions shall, therefore, be recommended by the Audit Committee to the Board for its approval.
- Transactions exceeding the materiality thresholds laid down in the Policy and any subsequent Material Modification to a Material Related Party Transaction, which are intended to be placed before the shareholders for approval.
- Such other Related Party Transactions as are not approved by the Audit Committee and referred to the Board for consideration and approval.

Where any Director is concerned or interested in any potential Related Party Transaction, such Director shall abstain from voting when such transaction is being considered.

### **Approval of the Shareholders:**

All the transactions with related parties exceeding the materiality thresholds, laid down in Under the Policy, and any subsequent Material Modification to a Material Related Party Transaction, would require the prior approval of the shareholders.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014, shall also require the prior approval of the shareholders.

For this purpose, all 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 such resolution. Material Modifications to the said Related Party Transactions shall also require prior approval of the Shareholders.



**Transactions for which separate approval for Related Party Transaction is not required:**

The transactions or arrangements which are specifically dealt with, under the separate provisions of the Applicable Law(s) and executed under the separate approvals/procedures as stipulated under such law, by the relevant competent authority or Board Committee, shall be deemed to be approved under this Policy and are not required to be separately approved under this Policy.

**Disclosures:**

The Company shall disclose, in its Annual Report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis, along with the justification for entering into such transaction. Further, the Company will disclose all transactions with promoter/promoter group entities in the format prescribed in the relevant accounting standards, for annual results.

Furthermore, the Company shall submit to the stock exchanges on half-yearly basis, within the time as prescribed by SEBI from time to time, the disclosures of related party transactions in the format as may be specified by SEBI from time to time and upload the same on the website of the Company.

This Policy shall be disclosed on the website of the Company and a web link to the policy shall be provided in the Annual Report.

**Amendments and applicability:**

Any Changes to the policy on account of regulatory requirements will be reviewed and approved by the Audit Committee or the Board subject to approval of Audit Committee.

In the event, any stipulations contained in this Policy are inconsistent with the provisions contained in the Applicable Law(s), the provisions contained in the Applicable Law(s) shall prevail.