

To,
The Department of Corporate Services
BSE Limited
PJ Towers, Dalal Streets
Mumbai-400001
(BSE SCRIP CODE 539522)

07.02.2025

Sub: Outcome of meeting of Board of Directors held on 07th February,2025

Dear Sir,

This is to inform you that the Board of Directors in its meeting held today, 07th February, 2025, commenced at 2:00 P.M. at the registered office of the company and the following decisions were taken:

1. To Considered and approved the unaudited financial results for the Third quarter ended on 31st December, 2024 along with Limited Review Report thereon on record.
2. To consider and take note of the Compliances related to Corporate Governance as Company has adopted Internal Control Policies and Policies of Related Party Transaction annexed with Annexure-A

And such other policies as applicable on Company have already been adopted in the past and available on Company website “ www.grovyindia.com”.

The meeting of the Board of Directors commenced at 02:00 P.M. and concluded at 4:00 P.M.

This is for your information and records please.

Thanking you.

For Grovy India Limited

Megha Mishra
Company Secretary & Compliance Officer
Membership number: A73040

Annexure-A



GROVY INDIA LIMITED
INTERNAL CONTROL POLICIES

LEGISLATION AND REFERENCE

The Board of Directors of “Grovy India Limited” (hereinafter referred to as ‘the Company’) has adopted the following Internal Financial Control Policy with effect from 07th of February, 2025.

Section 134(5) (e) of the Companies Act, 2013, requires a Company to have Internal Financial Controls (IFC) Policy. In case of Listed Companies, the Directors’ Responsibilities states that the Directors have laid down IFC to be followed by the Company and that such control are adequate and operating effectively.

As per Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulation, 2015 the Audit Committee shall review the Internal Financial Control before their submission to the Board and shall also discuss any related issues with the Internal and Statutory Auditors and Management of the Company. It shall also act in accordance with the terms of reference specified in writing by the Board.

As per Section 143(3) (f) of the Companies Act, 2013, the Statutory Auditors report shall state whether the Company has adequate Internal Financial Controls system in place and the operating effectiveness of such controls.

As per Schedule IV of the Companies Act, 2013, the Independent Directors shall satisfy themselves on the integrity of financial information and that financial control and the systems of risk management are robust and defensible.

PURPOSE & SCOPE

The purpose of this policy is to communicate to all the employees of the company about the internal control objectives of the company. The Board of Directors of the Company has the responsibility to establish and maintain an adequate system of internal control and to furnish to the Government agencies, creditors and other stakeholders’ reliable financial information as and when required.

OBJECTIVES OF THE POLICY

- To mitigate risks and provide reasonable assurance that operations are efficient and effective, assets are safeguarded.
- Financial reporting is accurate and reliable.
- To ensure Company’s resources are used prudently and in an efficient, effective and economical manner.
- Resources of the Company are adequately managed through effective internal controls.
- A framework for an effective internal control system which conveys to managers that they are responsible for ensuring that internal controls are established, documented, maintained and adhered to across the Company’s and to all Employees that they are responsible for adhering to those internal

controls.

- To ensure the propriety of transactions, information integrity, compliance with regulations and achievement of Company's objectives through operational efficiency.
- Assessing and containing the risks faced by the Company to acceptable level.

DEFINITION

A system of internal financial control consists of the policies and procedures established and maintained by administration to assist in achieving its objective of ensuring, as far as practical, the orderly and efficient conduct of the entity's business.

The Company's system of internal financial control consists of such policies, procedures and financial systems that provide for financial transaction processing as well as financial reporting for control, planning and decision-making purposes.

These policies, procedures and financial systems support many areas, inter alia:

- a). The determination and collection of revenues,
- b). Control of expenditures,
- c). Safeguarding of assets and management of liabilities and risks.

Financial controls provide guidance on:

- a). The authorization of transactions and activities,
- b). Appropriate segregation of duties,
- c). Adequate documents and records and
- d). Adequate safeguards over access to and use of assets and records.

SCOPE OF THE POLICY

Internal Financial Control is basically a process by which an organization's resources are directed, monitored and measured. It plays an important role in detecting and preventing fraud and error and protecting organizations resources. It also comprises the plan of the Company and all the methods and measures adopted by the Company in order to safeguard its assets, accuracy and reliability of its accounting data, promote operational efficiency, prevention, accuracy and completeness of the accounting records and timely preparation of reliable financial information.

The framework of a good Internal Control System includes:

- **Control Environment:**

A sound control environment is created by management through communication, attitude and example. This includes a focus on integrity, a commitment to investigating discrepancies, diligence in designing systems and assigning responsibilities.

- **Risk Assessment:**

This involves identifying the areas in which the greatest threat or risk of inaccuracies or loss exist. To be most efficient, the greatest risks should receive the greatest amount of effort and level of control.

- **Monitoring and Reviewing:**

The system of internal control should be periodically reviewed by management. By performing a periodic assessment, management assures that internal control activities have not become obsolete or lost due to turnover or other factors. They should also be enhanced to remain sufficient for the current state of risks.

- **Information and Communication:**

The availability of information and a clear and evident plan for communicating responsibilities and expectations is paramount to a good internal control system.

- **Control Activities:**

These are the activities that occur within an internal control system.

PROCEDURES ON INTERNAL FINANCIAL CONTROLS

The Company shall establish, review & manage control framework in the following operational areas:

1. SALES & INVOICING

- Prices for invoicing shall be driven by masters.
- Invoice generation should be system driven and online.
- System of obtaining acknowledgement for invoices should be in place.
- Establish price approval policy, discounts approval policy with proper authorisation to vary rules.

2. RECEIVABLES MANAGEMENT

- Credit sales shall not be done without security back up.
- New credit customers shall be pre-approved by the designated authority after proper credit check.
- Establish regular reporting and follow-up on aging accounts
- Segregation of duties of employees in accounts receivable and receipt accounting
- Review credit balances in customer account regularly.
- All cheques/DDs should be deposited without any delay.
- Establish monitoring system for timely collection of concessional form.
- Debit notes are to be raised for bank charges on dishonour of cheques.
- Bank guarantee, LC expiry to be reviewed and monitored regularly.
- Monthly statement of accounts to be sent to all customers promptly.
- System of monitoring acknowledgements from customers.

3. PURCHASE OF GOODS & SERVICES

- All procurements of goods & services shall be at competitive prices.

- Procurement decisions shall be evaluated and monitored by cross functional team at all levels.
- Vendors shall be pre-approved by Corporate Office before first transaction.

4. PAYABLES MANAGEMENT

- Authorization for payment of the invoice after adhering to the terms & conditions.
- Payments of Invoices shall be based on original invoice as per the terms.
- Vendor payments shall be made through e-payments/Cheque. Other mode of payment is only second option.
- Vendor ledger to be reconciled on a monthly basis.
- Confirmation of balance in writing from all vendors is must for at least once in a year.

5. EMPLOYEE PAYMENTS

- All payments to employees are to be governed by pre-approved policies.
- Maintain accurate employee attendance, leave records.
- Segregate duties for maintenance of personnel records and running of pay roll.
- Employee payments shall be made through e-payment/Cheque to respective bank accounts.
- All payroll control accounts are to be reviewed and reconciled on a monthly basis.
- Maintain confidentiality about individual employee's earnings unless it is required for statutory purposes.

6. TREASURY OPERATIONS

- No cash receipts from any customers without prior approval in writing.
- Accounting of receipts and depositing of cheques, DDs in to banks shall be on same day.
- Reconciliation with bank statement for receipts side should be done daily.
- Cash balance should be counter checked by supervisory officer on a daily basis.
- Adequate insurance cover for all risks associated with cash is mandatory.
- Segregation of duties to ensure cash handling is separated from the finance manager.
- Un-used cheque leafs shall be in safe custody.
- Authorised cheque signatories shall not sign blank cheques under any circumstances.
- Rotation of cheque signatories for payments is encouraged.
- Independent direct confirmation of bank balances from banks by internal audit.

7. TAXES AND DUTIES

- Remittance of statutory liability & filing of prescribed returns on or before due date is the primary responsibility of the concerned accounts head.
- Tax ledgers and control accounts are to be reconciled before remittance of taxes, duties based on the applicable laws and regulations.
- All signatories to any statutory remittances or return or appeal or application or correspondence in whatever manner shall have appropriate authorization in writing including for digital signatory.
- Develop a monitoring & reporting system for ensuring compliance of all statutory obligation mapped to its time schedule.
- Develop a monitoring & reporting system for systematic review of all disputes in appeals before quasi-judicial, relating to all statutory compliance or obligations.

8. FIXED ASSETS

- Keep all smaller valuables in a safe.
- Maintain an asset register with all relevant details of each asset.
- Establish physical security protection measures such as locks on premises.
- Establish security/surveillance cameras for enhancing protection measures for large area where movements of men and machines are there.
- Review insurance coverage details regularly.
- Perform periodical asset register audit with physical count.

9. INVENTORIES

- Storage areas for inventories shall be properly secured with proper security arrangements. It shall be regularly reviewed for improvements.
- Inventories shall be properly organized and stored for smooth access for both verification & delivery.
- Segregation of administrative duties for material procurement and warehouse management should be in place.
- ABC classification of inventory management system shall be followed.
- Physical verification of inventory is to be carried out for all classes of items (i.e. ABC) for the pre-set time schedule for each category.

- Cross functional team should conduct the physical verification of inventories.
- Adequate insurance cover should be in place for all types of risks for inventories.
- Establish systematic review process for initiation of insurance claims for damaged inventories during storage or transit.
- Periodical review of obsolete, non-moving inventories to design a plan for periodical disposal.

10. GENERAL LEDGER

- Segregation of duties with regard to creation & authorisation of entries.
- Systematic work flow enabled authorisation of journal vouchers.
- Statistical analysis for reasoning of cancelled / deleted entries periodically.

- Reconciliation of control accounts and review system for monitoring.
- Systematic monthly period closure of books.
- Systematic review of GL for Revenue, Expenses, Assets and Liabilities should in place.
- Centrally controlled master data management of chart of Accounts.
- Budget controls for expenditure.
- Systematic review of each and every component of financial statements.
- Third party assessment certifications of inventory to be used to corroborate closing stocks on selective items.
- Access control of GL to authorized users and surveillance system for monitoring unauthorized access.
- Establish disaster recovery system in place and evaluate its fail-safe capabilities.

POLICY

A. Responsibility and accountability.

1. The Board of Directors of the Company is responsible for:

- a. Setting the company expectations for internal control,
- b. Ensuring management is aware of those expectations,
- c. Requiring the upward communications channels are open through all levels of management,
- d. Evaluating management's effectiveness toward practicing an effective control environment and
- e. Implementing effective control policies and procedures.

2. Individuals with delegated approval authority, e.g. CFO, CS and Directors are responsible for establishing, maintaining, and supporting a system of internal controls within their areas of responsibility and for creating the control environment that encourages compliance with company policies and procedures.

3. All employees in leadership roles are responsible for the application of this policy and the design, development, implementation, and maintenance of systems of internal controls focusing on the effectiveness of operations and the safeguarding of assets within their respective areas of responsibility.

4. All levels of management and supervision are responsible for strengthening internal controls when weaknesses are detected. Department managers should periodically review departmental procedures to ensure that the general principles of internal control are being followed.

5. Those in leadership positions have the responsibility to ensure that those who report to them have adequate knowledge, skills, and abilities to function within, and to contribute to, an effective internal control environment. This includes providing access to appropriate training on topics relevant to their job responsibilities.

6. Adequate supervision is necessary to ensure that internal controls are operating as intended, and to ensure their liability of accounting and operational controls by pointing out errors, omissions, exceptions, and inconsistencies in procedures.

7. Auditors and Advisors are responsible for reviewing the adequacy of departmental and institutional internal controls and for reporting any weaknesses to the management.

8. All levels of internal control are subject to examination by external auditors who are required to report on the adequacy of internal controls over finance and compliance.

B. General internal control principles.

1. Separation of duties

a. Duties are separated so that one person's work routinely serves as a check on another's work.

b. No one person has complete control over more than one key function or activity (e.g., authorizing, approving, certifying, disbursing, receiving, or reconciling).

2. Authorization and approval

a. Proposed transactions are authorized when proper and consistent with Company's policy and plans.

b. Transactions are approved by the person who has been delegated approval authority, which is usually delegated on the basis of special competency or knowledge.

3. Custodial and security arrangements

a. Responsibility for physical security/custody of Company's assets is separated from record keeping/accounting for those assets.

b. Unauthorized access to Company's assets and accounting records is prevented.

4. Timely and accurate review and reconciliation

a. Accounting records and documents are examined by employees who have sufficient understanding of the Company's accounting and financial systems to verify that recorded transactions actually took place and were made in accordance with Company's policies and procedures.

b. Accounting records and documentation are compared with Company's accounting system reports and financial statements to verify their reasonableness, accuracy and completeness.

5. The general internal control principles should be applied to all operations, especially accounting records and reports, payroll, purchasing/receiving/disbursement approval, equipment and supply inventories, cash receipts, petty cash and change funds, billing and accounts receivable.

Elements of Internal Financial Control Framework

The essential elements of an effective internal financial control framework are:

- Culture and environment of Organization
- Delegation of Authority z Company Policies and procedures
- Trained and properly qualified staff z Information Technology controls
- Internal audit system z Senior Management compliance assurance
- Risk identification and assessment

AMENDMENT IN LAW

This Policy shall be suitably amended, modified and improved to meet the changing business needs and in respect to any subsequent amendment/modification in the applicable laws and/or Listing Agreement in this regard.



GROVY INDIA LIMITED
POLICY ON MATERIALITY OF RELATED
PARTY TRANSACTIONS AND ON DEALING
WITH RELATED PARTY TRANSACTIONS

POLICY ON RELATED PARTY TRANSACTIONS
(Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions)

1. Preamble

- 1.1. Grovy India Limited (herein referred to as the “**Company**”) recognizes that Related Party Transactions (as defined below) can present a risk of actual or potential conflict of interest and may raise questions about whether such transactions are consistent with the Company’s and its stakeholders’ best interests.
- 1.2. This Policy on Related Party Transactions also known as Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions (herein referred to as this “**Policy**”) has been adopted by the Board of Directors of the Company in order to set forth the procedures under which such transactions are to be carried on.
- 1.3. Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (herein referred to as the “SEBI Listing Regulations”) mandates formulation of a Policy on Materiality of transactions with Related Parties and dealing with Related Party Transactions. As part of its corporate governance practices, the Board of the Company has adopted this Policy with regard to Related Party Transactions.
- 1.4. The policy shall come into effect from the date of approval of the Board of Directors.¹

2. Purpose

- 2.1. This Policy is intended to ensure systematic identification, approval and / or reporting of transactions, as applicable, between the Company and any of its Related Parties in the best interest of the Company and its stakeholders.
- 2.2. This Policy shall supplement Company’s other policies/ procedures/ practices/ Delegation of Powers etc. which require approval of the Transactions/ Contracts/ Arrangement in specified manner and by specified authority. If there are more than one set of requirements due to application of multiple laws and regulations, the endeavor will be based on the compliance principle which would meet the higher governance standards.

¹ Approved by the Board of Directors on 07 Feb 2025.

2.3. All Related Party Transactions/ contracts/ arrangements shall be in compliance with the provisions of the Companies Act, 2013, SEBI Listing Regulations and applicable accounting standards, as amended from time to time.

3. Definitions

3.1. “Act” means the Companies Act, 2013 and the rules framed thereunder, including any modifications, amendments, clarifications, circulars thereof.

3.2. “Arm’s Length Basis” 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. For determination of Arm’s Length Basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

3.3. “Associate” means any which is an associate under section 2(6) of the Act or under the applicable accounting standards.

3.4. “Key Managerial Personnel” or “KMP”, as provided in section 2(51) of the Act, in relation to the Company are:

- i. the Chief Executive Officer or the managing director or the manager;
- ii. the company secretary;
- iii. the whole-time director;
- iv. the Chief Financial Officer;
- v. such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- vi. such other officer as may be prescribed;

3.5. “Material Related Party Transaction” in pursuance of:

- (a) Section 188(1) of the Act read with the Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, means:

Sl. No.	Transaction or contract or arrangements for	Threshold Limits
(i)	Sale, purchases or supply of any goods or materials, directly or through appointment of agent	10% or more of turnover of the Company
(ii)	Selling or otherwise disposing of, or buying property of any kind, directly or through appointment of agent	10% or more of net worth of the Company
(iii)	Leasing of property of any kind	10% or more of Turnover of the Company
(iv)	Availing or rendering of any services, directly or through appointment of agent	10% or more of Turnover of the Company

Sl. No.	Transaction or contract or arrangements for	Threshold Limits
(v)	For appointment to any Office or place of profit in the Company, its subsidiary or associate company	Where monthly remuneration exceeds ₹2,50,000/-
(vi)	Remuneration for Underwriting the subscription of any securities or derivatives thereof, of the Company	For amount exceeding 1% of net worth of the Company

Explanation(s):

- i. The limits specified in clause (i) to (iv) above shall apply for the transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
 - ii. The Turnover or Net worth shall be computed on the basis of the Audited Financial Statements of the preceding financial year.
- (b) In terms of Regulation 23 of the SEBI Listing Regulations, 'Material Related Party Transactions' means a transaction with a Related Party, where the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Further, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover as per the last audited financial statements of the Company.

3.6. **"Office or place of profit"** means any office or place:

- (i) where such office or place 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) where such office or place 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.

3.7. **“Ordinary Course of Business”** shall cover all the usual transactions, customs and practices of the Company and / or its line of business.

3.8. **“Related Party”** means a related party as defined under:

- (a) Section 2(76) of the Act;
- (b) Regulation 2 (1)(zb) of SEBI Listing Regulations
- (c) Indian Accounting Standard (Ind-AS) 24 as notified by the Central Government.

Provided that:

- a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- b) any person or any entity, holding equity shares:
 - (i) of twenty per cent or more; or
 - (ii) of ten per cent or more, with effect from 01 April, 2023;

in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year, shall deemed to be a related party”.

“Related Party”, as per section 2(76) of the Act, in relation to the Company, are as follows:

- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- (vi) any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act: *Provided that nothing in (vi) and (vii) above shall apply to the advice, directions or instructions given in a professional capacity;*
- (viii) any body corporate which is:
 - A. a holding, subsidiary or an associate company of the Company;
 - B. a subsidiary of a holding company to which it is also a subsidiary;
 - C. an investing company or the venturer of the Company

Explanation: An investing company or the venturer of the company means a body corporate whose investment in the company would

result in the company becoming an associate company of the body corporate.

- (ix) director (other than an independent director) or KMP of the holding company or his relative with referene to the Company
- (x) such other persons as may be prescribed.

“Related Party” in pursuance of Ind-AS 24, is a person or entity that is related to the entity that is preparing its financial statements (referred to as ‘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 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.

3.9. “**Relative**” means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under;

3.10. **“Related Party Transactions” or “RPT”** means all transactions between the Company on one hand and one or more Related Party(ies) on the other hand including contracts, arrangements and transactions as envisaged in Section 188(1) of the Companies Act, 2013 and/or Regulation 2(1) (zc) of the SEBI Listing Regulations, which is as under:

Transaction involving transfer of resources, services or obligations between

- (i) a company or any of its subsidiaries on one hand and a related party of the company or any of its subsidiaries on the other hand; or
- (ii) a 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, with effect from April 1, 2023;

regardless of whether a price is charged and a ‘transaction’ with a related party shall be construed to include single transaction or a group of transactions in a contract:

Provided that the following actions shall not be treated as related party transaction:

- a) the issue of specified securities on a preferential basis, subject to the compliance of the requirement under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;*
- b) the following corporate action 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 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 in every six months to the stock exchange(s), in the format specified by the SEBI.*

4. Identification of Potential Related Party Transactions

4.1. Every Director and KMP shall disclose to the Board, the names of his / her relatives and the names of the firms / companies / body corporates in which he /she is interested. The Board shall record the disclosure of interest. The Company Secretary shall, at the earliest, inform the Finance Department, the details of disclosures made by the Directors / KMPs so that the same may be entered into the system to identify RPTs as and when they occur.

4.2. The Company will identify the potential transactions with the related parties. These Related Party Transactions will be categorized as those requiring a) prior approval,

b) omnibus approval based on the criteria laid down in Para 6.1(b) below, in consultation with the Finance Department.

- 4.3. The Finance Department will obtain and forward to the Company Secretary, the details of Related Party Transactions to be placed before the Audit Committee / Board duly indicating the appropriate authority for granting approval, namely, Audit Committee / Board of Directors / Shareholders.

5. Ascertainment of RPTs on Arm's Length Basis

- 5.1. The Finance Department shall examine the documents / information with regard to the RPT before forming an opinion / arriving at a conclusion that the concerned transaction is on Arm's Length Basis. In particular, any or all of the following may be examined:

- (a) Whether the purported transaction between two related parties pursuant to an agreement / memorandum of understanding is in accordance with the directives / approval of the Government.
- (b) Whether the terms of the transaction are in the ordinary course of business
- (c) How the consideration price has been arrived?
- (d) Whether it is comparable with internal and external industry benchmarks.
- (e) Any other relevant documents / information which supports the contention that the transaction is on arm's length basis.

6. Review and Approval of Related Party Transactions

6.1. Audit Committee

- (a) All Related Party Transactions including subsequent material modifications, if any shall be normally entered into with the prior approval of the Audit Committee. Such RPTs shall be placed before the Audit Committee, accompanied with the Management's justification for the entering into the same alongwith all relevant information as prescribed in clause 7 below. Before approving such transactions, the Audit Committee will look into the interest of the Company and its stakeholders in carrying out the transactions and the benefits of the same. The Audit Committee may, thereupon, approve, reject or approve subject to modifications, such RPTs, in accordance with this Policy and / or recommend the same to the Board for approval. It is pertinent to note that only those members of the audit committee, who are independent directors, shall approve related party transactions.

Provided further that:

- (i) the audit committee shall define “material modifications” and disclose it as part of this policy and on dealing with related party transactions;
- (ii) a related party transaction to which the subsidiary of a company is a party but the company is not a party, shall require prior approval of the audit committee of the Company 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;
- (iii) a related party transaction to which the subsidiary of a company is a party but the company is not a party, shall require prior approval of the audit committee of the Company 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 01 April, 2023;
- (iv) prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is party but the company is not a party, if regulation 23 and 15(2) of SEBI Listing Regulation, 2015 are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of the listed subsidiary as referred to in (iv) above, the prior approval of audit committee of the listed subsidiary shall suffice.”

(b) Omnibus approval by the Audit Committee

The Audit Committee may grant omnibus approval for Related Party Transactions likely to be entered into during the next financial year by the Company subject to the following conditions:

- (i) Maximum value of the transactions, in aggregate, which can be allowed under the omnibus approval route in a year;
- (ii) The maximum value per transaction which can be allowed;
- (iii) Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval, such as:
 - A. Name(s) of the Related Parties,
 - B. Nature and duration of the transaction,
 - C. Brief description of the items,
 - D. Maximum estimated amount of transactions that is expected to be

- entered into,
 - E. the indicative base price or current contracted price and the formula for variation in the price, if any,
 - F. Basis of Price Determination,
 - G. Whether at Arm's Length Basis and in the Ordinary Course of Business,
 - H. any other information relevant or important for the Audit Committee to take a decision on the proposed transactions, keeping in view, the omnibus approval, in aggregate granted so far / utilized during the financial year.
- (iv) Review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given;
- (v) The Audit Committee shall satisfy itself on the justification for need of omnibus approval, for transactions of repetitive nature and that such approval is in the interest of the Company.
- (vi) Where the need for related party transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may make omnibus approval for such transactions subject to their value not exceeding ₹1 crore per transaction.
- (vii) The omnibus approval granted shall be valid for a period not exceeding one financial year and shall require fresh approval on the expiry of such financial year.
- (viii) Transactions which cannot be subject to the omnibus approval by the Audit Committee, such as:
- A. Transactions which are non-repetitive in nature
 - B. Transactions in respect of selling and disposing of the undertaking of the company.
 - C. Any other statutory restrictions imposed from time to time.
- (ix) Any other criteria (not included above) required to be complied with from time to time as per statutory rules and regulations.
- (c) The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

6.2. Board of Directors

- (a) All Related Party Transactions and subsequent material modifications, if any specified under section 188(1) of the Act shall be subject to prior approval of the Board of Directors through the Audit Committee, by way of resolutions passed at Board Meetings, unless the transactions are entered into:
 - (i) in the Ordinary Course of Business; and
 - (ii) are conducted on Arm's length basis.
- (b) In addition, if the Audit Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for the Board to approve the Related Party Transaction, then the Board shall consider and approve such Related Party Transaction(s).
- (c) All criteria contained in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 in relation to the contents of the Board agenda for approval of such RPTs must be complied with.
- (d) Every Director / KMP of the Company, who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting.
- (e) Where any Director / KMP, who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, shall disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he/she becomes so concerned or interested.
- (f) Every contract or arrangement entered into with a Related Party under section 188(1) of the Act shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

6.3. Shareholders

- (a) All Material Related Party Transactions and subsequent material modifications, if any as defined by the Audit Committee in clause 6.1 (a)(i) shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.
- (b) The prior approval of the shareholders of the company shall not be required for a related party transaction to which listed subsidiary is party but the company is not a party, if regulation 23 and 15(2) of SEBI Listing Regulations, 2015 are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of the listed subsidiary as referred above, the prior approval of audit committee of the listed subsidiary shall suffice.”

- (c) The requirements specified under this clause shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved
- (d) The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:
 - (i) A summary of the information provided by the management of the Company to the audit committee as specified in clause 7.1 below;
 - (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 under point 7.1(f) below;
 - (iv) 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;
 - (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.
- (e) An approval mechanism of the Related Party Transactions has been given as Annexure I of this Policy.

6.4. Exemptions

- (a) No resolution (either Board or shareholders) is required to be passed in respect of a transaction entered into by the Company with another Government Company.
- (b) Transactions entered into between a company and its wholly owned subsidiary whose accounts are consolidated with the company and placed before the shareholders at the general meeting of the company, for approval.
- (c) 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.

7. Standards for Review of RPT

7.1. The Audit Committee while approving and the Board while approving / ratifying a Related Party Transaction shall review and consider the following, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction:

- (a) Type, material terms and particulars of the proposed transaction;
 - (b) Name of the related party and its relationship with the company 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 company'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 company 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
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- (iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- (g) whether the RPT was undertaken in the Ordinary Course of Business;
- (h) whether the transaction with the Related Party is proposed to be, or was, entered on at Arms' Length Basis;
- (i) Justification as to why the RPT is in the interest of the Company;
- (j) A copy of the valuation or other external party report, if any such report has been relied upon;
- (k) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- (l) Whether the Company was notified about the RPT before its commencement and if not, why pre-approval was not sought for and whether subsequent ratification would be detrimental to the Company;
- (m) Whether the RPT would present an improper conflict of interest, as per provisions of law, for any director or KMP, taking into account the size of the transaction, the overall financial position of the Related Party, the direct or indirect nature of the Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee / the Board deems relevant and appropriate;
- (n) required statutory and public disclosure, if any; and
- (o) any other relevant information regarding the RPT or the Related Party in the context of the proposed transaction that would be material to the Audit Committee / Board / shareholders, as applicable, in light of the circumstances of the particular transaction.

8. Ratification of Related Party Transactions

- 8.1. If prior approval of the Audit Committee / Board / shareholders for entering into a Related Party Transaction is not feasible owing to paucity of time and also other administrative inconvenience, then such Related Party Transactions shall be recommended by the Audit Committee for ratification to the Board and/or shareholders within 3 months of entering into the Related Party Transaction.
- 8.2. Where a RPT has been entered into by the Company without disclosure or with participation by a Director / Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, and if it is not ratified by the Board or, as the case may be, by the shareholders of the Company at a meeting within three months from the date on which such contract or arrangement was entered into, the same shall be voidable at the option of the Board, or as the case may be, of the shareholders Company.

- 8.3. In any case, where either the Audit Committee / Board / shareholders determines not to ratify a Related Party Transaction that has been commenced without prior approval, the Audit Committee, Board and/or shareholders, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation of the transaction, or modification of the transaction to make it acceptable for ratification. 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.
- 8.4. The Company may proceed against a director or any other employee who had entered into such contract or arrangement in contravention of this Policy for recovery of any loss sustained by it as a result of such contract or arrangement and shall take any such action, it deems appropriate.
- 8.5. In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee who shall examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee under this Policy, and shall take any such action it deems appropriate.
- 8.6. In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

9. Records / Supporting documents required for establishing the Ordinary Course of Business and Arm's Length Basis of a transaction with a Related Party

9.1. Purchase / sale of material, goods etc.

- (a) Copy of agreements / purchase orders / correspondence exchanged / letters of exchange / bills / invoices etc.
- (b) Invoices / bills of similar transactions on same date or nearby date with un-related parties from the seller.
- (c) Quotation from un-related service provider.
- (d) Sale of Company's finished product / services / others including scrap sale at rates or charges are determined by competitive bids / fixed by Government.
- (e) Purchase of product / availing of services at rates or charges determined by competitive bids.

9.2. Purchase / sale of property

- (a) Valuation reports from independent valuers to ascertain Fair Market Value.
- (b) Quotations from independent property dealers / brokers.
- (c) Draft copy of agreement to sell / draft of proposed sale deed.
- (d) Brief terms and conditions and justification of such transaction.

9.3. Availing / Rendering Services

- (a) Copy of agreement / memorandum of understanding / correspondence etc.
- (b) Supporting documents justifying the transaction on arm's length basis.

9.4. Loans / Advances given or taken

- (a) Compliance of Section 185, 186 and other applicable provisions of the Companies Act, 2013 and rules there under.
- (b) Statutory approvals wherever required.
- (c) Rate of interest and justification for the same in view of nearest prevailing G-SEC rate for the term of the loans / advances (wherever applicable).

9.5. Guarantee / Securities

- (a) Compliance of Section 185, 186 and other applicable provisions of the Companies Act, 2013 and rules there under.
- (b) Other documents justifying the same.

9.6. Subscription to shares / debentures / securities

- (a) Valuation report or documents justifying that subscription is done / received at a rate on which placement has been made / shall be made to an un-related party.

9.7. Rent Agreement

- (a) Copy of draft agreement.
- (b) Quotation from a property dealer / advisor in the area in which the property is located or a nearby area.
- (c) If quoted prices are substantially lower / higher than existing, to seek second quotation.
- (d) Lease rent receipt / payment at market rate / municipal / local body board standard rate or fixed by any other Government authority.

9.8. Other transactions

- (a) Agreements or other supporting documents along with proper justification of the transaction being on arm's length basis in the ordinary course of business at a prevailing market rate.

Note: The aforesaid Records / Supporting documents are indicative and not exhaustive in nature. The nature of documents/ records varies from transaction to transaction.

10. Registers & Disclosures

- 10.1. The Company Secretary of the Company shall maintain a register, either physically or electronically, as prescribed in the Act, giving details of all contracts or arrangements to which this Policy applies.
- 10.2. Every Director or Key Managerial Personnel shall, within a period of thirty days of his appointment, or relinquishment of his office in other companies, as the case may be, disclose to the Company, particulars relating to his / her concern or interest in the other associations which are required to be included in the register maintained.
- 10.3. The Company and its subsidiaries if any, shall disclose in Annual report under Corporate Governance Report section 'Loans and advances' in the nature of loan to firms/ companies in which directors are interested by name and amount.
- 10.4. The Company shall submit to stock exchanges disclosure of related party transactions in the format as specified by the SEBI from time to time and publish the same on its website.
- 10.5. The Company shall disclose the policy on its website and a web link thereto shall be provided in the Annual Report.

11. Review and Amendment

- 11.1. The Board of the Company shall review the Policy including clear threshold limits provided in the policy, at least once every three years and amend/ update, accordingly.
- 11.2. This Policy shall stand amended in terms of the Act including the Companies (Meetings of Board and its Powers) Rules, 2014, SEBI Listing Regulations and applicable Accounting Standards. In the event of any conflict between this Policy and the applicable law, the applicable law shall prevail.

Annexure – I: Approval mechanism of Related Party Transactions

Nature and Details of Transactions	Approving Authority
All Related Party Transactions and any subsequent material modification, which are in ordinary course of business and on arm's length basis	<ul style="list-style-type: none">▪ Prior approval of Audit Committee.▪ Information to the Board▪ Prior approval of shareholders by way of resolution if such RPTs are "Material Related Party Transactions"
RPTs which are not in ordinary course of business or not on arm's length basis or both	<ul style="list-style-type: none">▪ Prior approval of Audit Committee▪ Prior approval by the Board▪ Prior approval of shareholders by way of resolution if such RPTs are "Material Related Party Transactions"