

Policy on materiality of Related Party Transactions Policy and dealing with Related Party Transactions (RPT Policy)

Introduction:

Thackers Group Ltd (“the Company”) recognizes that Related Party Transactions (as defined below) can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company’s policy and in the best interest of its stakeholders. In order to preserve the same with transparency and to ensure that there is no conflict of interest inflicting any apprehension in the minds of its stakeholders, the Board of the Company, acting upon the recommendation of its Audit Committee (the “Committee”), has adopted the following policy and procedures with respect to Related Party Transactions of the Company.

Purpose:

The policy is not only in the best interests of its stakeholders but also in due compliance with the requirements of the Companies Act, 2013 and the Listing Obligation and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). Pursuant to Regulation 23 of the Listing Regulations, a policy needs to be formulated to deal with Related Party Transactions including formulating a

policy on materiality of Related Party Transactions. This policy therefore lays down the mechanism to deal with Related Party Transactions.

Related party transactions have been one of the major areas of focus for corporate governance reforms being initiated in India. The changes introduced in the corporate governance norms through Section 188 of the Companies Act, 2013, as amended and the rules framed thereunder (“Companies Act”) and Regulation 23 of the Listing Regulations, as amended require the companies to have enhanced transparency and due process for approval of the related party transactions. Pursuant thereto, Section 188 of the Companies Act and Regulation 23 of the Listing Regulations require the Company to formulate a policy on materiality of related party transactions and also on dealing with related party transactions including clear threshold limits duly approved by the Board.

Definitions:

All the terms used and defined herein are in addition to those defined in the Act, Listing Regulations or any other applicable law or regulations. For the purposes of this policy, the following definitions apply: “Act” means the Companies Act, 2013 (‘Act’) read with the Rules thereto including any subsequent amendments thereof.

“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.

Pricing may not be the only determinant of a transaction being at arm's length though it is an important factor. Therefore, the Company would apply judgment to conclude whether a transaction can be considered to be on an arm's length basis.

The following has been considered to be helpful in concluding whether a transaction is on an arm's length basis:

- The transaction is as per the prevailing price / pricing policy / market price / at the same margin at which entered into with independent third parties;
- The transaction is in line with quotations from third party / bids, whenever required;
- The transaction is at a price / rate in line with Government guidelines like State PWDs, NHAI Policy / industry specifications where ever relevant;
- Taking assistance of an expert – Valuation Report by Registered Valuer, wherever required; and Principles under the transfer pricing guidelines, wherever required / applicable.

“Audit Committee” means Audit Committee of the Board of Directors of the Company.

“Board” means Board of Directors of the Company.

“Group Company” or “Group Companies”

means Thakkers, being Flagship Company of Thakkers Group as the Holding Company, its Subsidiaries, Associate - Joint Venture Companies and/or entities where Promoters/directors are interested. But currently there is no subsidiaries.

“Listing Regulations”

means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any subsequent amendments thereof, from time to time.

“Material modifications”

means any modifications to the related party transactions which were approved by the Audit Committee or Shareholders during the year and the change which will significantly / materially change the nature of the transaction and in case of monetary thresholds which is in excess of 25% of the originally approved transaction, in case of exigencies only.

“Material Related Party Transactions” –

a transaction with a Related Party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, with the related party, exceeds Rs. 1,000 Crore or 10% of the annual consolidated turnover of the Company whichever is

lower as per the last audited financial statements as defined under Regulation 23 of the Listing Regulations and the contracts or arrangements given under Companies Act, 2013.

Notwithstanding the above, 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 individually or taken together with previous transactions during a financial year, with the related party, exceed five percent (5%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company”

provided that in case of any amendment to the Act or Listing Regulations, definition of Material Related Party Transactions will be deemed to be changed without any further approval of Audit Committee or Board.

“Ordinary course of business”

The term ordinary course of business is not defined under the Act or the Rules thereunder. Therefore, it would depend on facts and circumstances of each case.

The Audit Committee would therefore exercise judgment to conclude whether a transaction can be considered to be in the ordinary course of business of the Company.

Examples of transactions that the Company would consider to be in the ordinary course of business would include but not limited to:

- The transaction is covered under Object Clause of Memorandum of Association;
- The Company had entered into such transactions over the years in the past for furtherance of its business and is undertaken on arm’s length basis;
- The transaction is carried out at sufficient frequency;
- The transaction was in furtherance of the business of the Company and is consistent with its business objective of augmenting and acquiring newer capabilities;

Although these are not conclusive, they will be considered as guidance to be used, based on facts and circumstances, to conclude as to whether a transaction can be considered to be in the ordinary course of business.

“Related Party”

is a party as defined in Section 2(76) of the Companies Act, 2013 read with Rules thereto and clause (zb) of Regulation 2 of the Listing Regulations.

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year shall be deemed to be a related party.²

1. Shall be replaced with ten per cent or more which shall be effective from 1st April 2023
2. Shall be effective from 1st April 2022.

“Relatives of Directors / Key Managerial Persons”:

1. Members of same Hindu Undivided Family;
2. Spouse;
3. Father (“Father” includes step-father);
4. Mother (“Mother” includes the step-mother);
5. Son (“Son” includes the step-son);
6. Son’s wife;
7. Daughter;
8. Daughter’s husband;
9. Brother (“Brother” includes the step-brother); and
10. Sister (“Sister” includes the step-sister).

“Related Party Transaction (RPTs)”

means transactions as given under clause (a) to (g) of subsection (1) of Section 188 of the Act and the corresponding Rules thereto and as defined in clause (zc) of Regulation 2 of the Listing Regulations, i.e. 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) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;

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:

Transactions in respect of the following types are generally RPTs.

- Sale / purchase of goods;
- Availing or rendering of services;
- Buying / selling / leasing of property;
- Appointment of agent for purchase or sale of goods, materials, services or property;
- Appointment to any office or place of profit in the company, its subsidiary company or associate company;

- Remuneration for underwriting the subscription of any securities or derivatives thereof of the company: and
- transfer of resources, services or obligations between the Company and its related party/ies, regardless of whether a price is charged or not.

provided that the following shall not be a related party transaction:

- 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;
- the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - o payment of dividend;
 - o subdivision or consolidation of securities;
 - o issuance of securities by way of a rights issue or a bonus issue; o buy-back of securities;
 - o acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board: Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s); and
 - o retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors and includes transactions under the Companies Act or of the SEBI listing Regulations or any other related law, regulation, standard.

Further the Related Party Transactions, if any, approved by other statutory board committees within their terms of reference viz. Nomination & Remuneration Committee, CSR Committee, Risk Management Committee and Stakeholders Relationship Committee, shall be deemed to have approval of the Audit Committee from the RPT perspective and the same need not be approved by the Audit Committee once again. For example: Allotment of Shares to KMP by the NRC shall be deemed to have approval of the Audit Committee from RPT perspective.

“Subsequent Material Modification” means any modification made in the value/exposure of any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee and/or shareholders, which has the effect of variation in the approved value of the transaction, by 25% or more or by which the transaction ceases to be in ordinary course and/or on arm’s length basis or such other parameter as may be determined by the Audit Committee from time to time.

Disclosure by Directors

Every director shall at the time of Induction into the Board and thereafter shall at the beginning of every financial year provide information by way of written notice to the Company regarding his concern or interest in the entity with specific concern to parties which may be considered as Related Party with respect to the Company and shall also provide the list of relatives which are regarded as Related Party as per this Policy.

The Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this Policy.

Policy:

I. Audit Committee

- All RPTs shall be referred to the Audit Committee for prior approval, irrespective of its materiality. The Audit Committee shall also approve any subsequent material modification of RPTs.
- Chief Financial Officer / Company Secretary will refer RPTs to audit committee for approval.
- Only members of the Audit Committee who are independent members shall approve all Related Party Transactions.
- Any member of the Audit Committee who has a potential interest in any related party transaction will abstain from discussion and voting on the approval of the related party transaction.
- A related party transaction to which the subsidiary of the Company is a party but the listed entity 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.³

A related party transaction to which the subsidiary of the 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.⁴

3. With effective from 1st April 2022

4. With effect from 1st April 2023,

Prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party.

The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

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

The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions and such approval shall be applicable in respect of transactions which are repetitive in nature.

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

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

Provided that where the need for Related Party Transaction 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.

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

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions

- (a) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (b) the transaction is not material in terms of the provisions of this regulation;
- (c) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (d) the details of ratification shall be disclosed along with the disclosures of related party Transactions.
- (e) any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.”

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

The provisions of this clause shall not apply to a transaction, other than a transaction referred to in Section 188, between a holding company and its wholly owned subsidiary company.

Information to be reviewed by the Audit Committee for approval of RPTs:

The Company shall provide the following information, for review of the audit committee for approval of a proposed RPT:

- 1) Type, material terms and particulars of the proposed transaction;
 - 2) 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);
 - 3) Tenure of the proposed transaction (particular tenure shall be specified);
 - 4) Value of the proposed transaction;
 - 5) 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);
 - 6) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity 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;
 - nature of indebtedness;
 - cost of funds; and
 - 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.
 - 7) Justification as to why the RPT is in the interest of the listed entity;
 - 8) A copy of the valuation or other external party report, if any such report has been relied upon;
 - 9) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- A. In summary, prior approval of Audit Committee is required for the following RPTs:
- Where Company is a party;
 - Where 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 (10%) of the annual consolidated turnover, as per the last audited financial statements of the Company;

With effect from April 1, 2023, Where 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 (10%) of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

Transaction of the Company and/or its subsidiaries with unrelated parties, the purpose and effect of which is to benefit the related parties of the Company or any of its subsidiaries.

B. The Audit Committee will take into account following considerations while dealing with the RPTs:

- Nature of relationship with the related party;
- Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
- 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.
- 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);
- Tenure of the proposed transaction (particular tenure shall be specified);
- Value of the proposed transaction 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)

If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:

- details of the source of funds in connection with the proposed transaction;
- 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;
- applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
- the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- Justification as to why the RPT is in the interest of the listed entity;
- A copy of the valuation or other external party report, if any such report has been relied upon;
- Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;

II. Omnibus Approval

i. The Audit Committee shall take into account following while granting omnibus approval for RPTs, of repetitive nature:

- Criteria specified by the Audit Committee under Rule 6A of the Companies (Meetings of Board & Its Powers) Rules, 2014 after approval of the Board;
- Nature of relationship with the related party;
- Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
- Method and manner of determining the pricing and other commercial terms;
- Justification for need of omnibus approval;
- Whether the transaction is at arm's length and in ordinary course of business; and
- Any other information relevant or important to take a decision on the proposed transaction.

ii. Pursuant to Regulation 23 of Listing Regulations, the Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Listing Regulations and such other conditions as it may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year. Additionally, the Committee may also grant omnibus approval for RPTs of unforeseen nature not exceeding Rupees One Crore.

iii. The Audit Committee shall review on a quarterly basis the details of RPTs entered into by the Company pursuant to omnibus approval.

iv. The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

III. Board Approval

The Board shall approve RPTs, which are not in ordinary course of business and/or not at arm's length. Where the Audit Committee does not approve the RPTs, it shall make its recommendations to the Board for approval.

If prior approval of Board or shareholders has not been taken, then such transaction needs to be ratified within 3 months of the date of entering into contract/ arrangement.

IV. Shareholders' Approval

All material RPTs defined under Regulation 23 of Listing Regulations, whether in ordinary course of business and/or arm's length basis or not, shall require approval of the Board and shareholders, and the

related parties shall abstain from voting on such resolutions irrespective of whether the entity is a party to the particular transaction or not.

RPTs exceeding the limits prescribed under the Act and not in ordinary course of business and/or arm's length basis, shall require prior approval of the Board and shareholders, respectively.

Contracts/ arrangements with Company's subsidiaries and Group Companies would result in RPTs. Generally, such contracts/ arrangements would be in the ordinary course of business.

Once such contracts/ arrangements are approved by the Audit Committee, transactions arising out of same would not be subject to evaluation when they are executed. The RPTs will be monitored by reviewed by the Committee at quarterly meetings of the Committee.

Disclosure:

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance submitted to the stock exchanges on which the Company is listed. The Company shall disclose the policy on dealing with Related Party Transactions and material subsidiary on its website and a web link thereto shall be provided in the Annual Report. Furthermore, all the related party transactions shall be disclosed in the Annual Report of the Company.

Additionally, the Company shall make disclosures of Related Party Transactions to the stock exchanges on which it is listed, every 6 months, in the format prescribed by SEBI from time to time, within the following timelines stipulated by SEBI:

- (i) Within 15 days from the date of publication of its standalone and consolidated financial results; and
- (ii) With effect from April 1, 2023, on the date of publication of its standalone and consolidated financial results and the same shall be published on the website of company.

Applicability & Amendment:

Any subsequent amendment / modification in the Listing Regulations or any other governing Act / Rules / regulations or re-enactment, circulars or clarification(s), impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

The Policy shall be reviewed by the Board at least once in every three years or within such period as mandated by any regulatory amendments. and updated accordingly. Any subsequent amendment/modification in the Act or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

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

Committee. The Audit Committee/ Board will give suitable directions/ guidelines to implement the same.

The Policy shall be reviewed by the Audit Committee and the Board every two years.

In the event, any provisions contained in this Policy is inconsistent with the provisions contained in the Listing Regulations, the Companies Act, 2013 or Accounting Standards, etc. or any amendments thereto, (Laws), the provisions contained in the Laws will prevail.

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be posted on the website of the Company.

This RPT Policy has been revised and approved by Board of Directors at its meeting held on Feb 13, 2025