

**Revised: 08 November, 2023**

## **POLICY ON RELATED PARTY TRANSACTIONS**

### **OBJECTIVE**

The Company recognizes that Related Party Transactions (RPTs) as defined in Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (SEBI Listing Regulations) and in section 2(76) of the Companies Act, 2013 (“the Act”) read with Section 188 may give rise to an actual or potential conflict of interest thereby raising the question whether or not such transactions are in the best interests of the Company and its members as a whole. The purpose of the Policy is to ensure timely identification of an RPT, its proper approval process, reporting and disclosure of related party transactions.

### **SCOPE OF THE POLICY**

Policy on Related Party Transactions is formulated in terms of Regulation 23 of the SEBI Listing Regulations, Section 188 of the Companies Act, 2013 and the Rules framed thereunder (“the Act”) and the applicable Accounting Standards..

The Policy takes into account various provisions on RPTs as mentioned in Regulation 23 of the Listing Regulations and in Section 188 of the Act as mentioned hereinabove. RPTs are appropriate only if they are in the best interest of the Company and its stakeholders in addition to being in conformity with the applicable laws.

Regulation 23(1) of the Listing Regulations requires a company to formulate a policy on materiality of RPTs and on dealing with RPTs. Regulation 23(2) of the Listing Regulations also requires defining material modifications of RPTs and disclose it as part of the RPT policy.



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The Audit Committee (“Committee”) of the Company is required by Section 177(4) of the Act and Regulation 23 of the Listing Regulations to approve all transactions of the Company with related parties (“RPTs”).

The Board of Directors of the Company (Board) on recommendation of the Committee shall review the Policy on Related Party Transaction once in three years and update the same accordingly.

#### **DEFINITIONS:**

- a) **“The Act”** means the Companies Act, 2013, alongwith with the Rules framed thereunder including any statutory modifications or re-enactments thereof for the time being in force (hereinafter referred to as “Act”).
- b) **‘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.
- c) **“Associate Company”** in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.
- d) **“Audit Committee”** means Committee of Board of Directors of the Company constituted under the applicable laws.
- e) **“Policy”** means Policy on Related Party Transactions.
- f) **“Board”** means Board of Directors of the Company.



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- g) **Key managerial personnel (KMP)** i.e. Managing Director, Whole-time Director, Company Secretary and Chief Financial Officer or Such other officer, not more than one level below the directors who is in whole-time employment.
- h) **“Indian Accounting Standards (IND AS)”** means the standards of accounting or any addendum thereto for companies or class of companies referred to in Section 133 of the Act.
- i) **“Material Related Party Transaction”** means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year, exceeding the following thresholds:
  - i) A transaction with a related party shall be considered “material” if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower
  - ii) In case of transactions involving payments made with respect to brand usage or royalty, if the transaction(s) to be entered into individually or taken together with previous transactions exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements;or such other threshold limits as may be laid down from time to time as per law.
- j) **Material Modification(s)** means and includes any change / variation / modification to an existing RPT/ / Material RPT / contract / arrangement, which would result in the value of the approved transaction / contract exceeding by 20% or more of the value of transaction / contract, etc. previously approved by the Audit Committee, or the Board or the Shareholder of the Company , as the case may be. .

**h) Office or place of profit' means any office or place:**

- a) Where such office or place is held by a director, if the director holding it receives from the company anything by the way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, any rent free accommodation or otherwise;
  - b) 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 the way of remuneration, salary, fee, commission, perquisites, any rent free accommodation or otherwise
- k) **“Related Party”** is a person or an entity which is:
- (A) a Related Party under Section 2(76) of the Act;  
Related Party with reference to a company, i.e. ITD Cementation India Limited (the “Company”) means:
    - (i) A Director of the Company or his relative,
    - (ii) A Key managerial personnel (KMP) of the Company or his relative,
    - (iii) A firm in which a Director of the Company, Manager or his relative is a partner
    - (iv) A private company in which a Director of the Company or Manager or his relative is a member or director
    - (v) A public company in which a Director of the Company or a Manager is a Director and holds along with his relatives, more than 2% 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 sub-clauses (vi) and (vii) 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 such Company;  
Or
- (b) A subsidiary of a holding company to which it is also a subsidiary.  
Or
- (c) An investing company or the venturer of the Company.

**Explanation** —For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate

As per Rule 3 of the Companies (Specification of definitions details) Rules, 2014, a Director (other than an independent director) or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.

- (B) a Related Party under the applicable IND Accounting Standards;
  - (C) a Related Party under Regulation 2 (zb) of SEBI Listing Regulations-
    - (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 20% or more with effect from April 1, 2022; or
      - (ii) of 10% or more, with effect from April 1, 2023;
- 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

- 1) **"Related Party Transaction (RPT)"** means a transaction involving a transfer of resources, services or obligations between:
- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand;  
or
  - (ii) 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:

Following shall, inter-alia, not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - i. payment of dividend;
  - ii. subdivision or consolidation of securities;
  - iii. issuance of securities by way of a rights issue or a bonus issue;

iv. buy-back of securities.

- m) “**Relative**” means relative as defined under sub-section (77) of section 2 of the Act.
- n) “**Regulation**”: means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modifications or re-enactments thereof for the time being in force (hereinafter referred to as “Listing Regulations”).
- o) “**Ordinary Course of Business**” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association. The Board/ Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.
- p) “**Subsidiary Company**” means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013;

## **IDENTIFICATION OF AND DEALING WITH RELATED PARTY TRANSACTIONS**

### **Identification of Related Party**

- i) The Company shall identify related parties as per the Act, IND AS and Listing Regulations.
- ii) The Company shall obtain list of related parties of its Subsidiary Company as defined under the Act and Listing Regulations

- iii) It is required to verify list of related parties periodically and review at regular intervals in accordance with the Act, 2013 and Listing Regulations.

**Identification of Related Party Transactions:**

The Company will identify the Related Party Transaction(s) as in terms the Act, IND AS and Listing Regulations and take approval from the Audit Committee, Board of Directors and shareholders as may be required.

All RPTs, whether material or not, and whether or not they are in the ordinary course of business and whether or not at an arm's length basis, will however require prior approval of the Audit Committee. However, if the RPTs are not in the ordinary course of business and not on arm's length basis, apart from the approval of the Audit Committee that is required to be obtained under the Listing Regulations and also in terms of Section 177 (4) (iv) of the Act, it will also be required to be approved by the Board of the Company in terms of Section 188 of the Act based on the recommendations of the Audit Committee. Further, it will also require the approval of shareholders if the RPT exceeds the threshold limits as provided in the Act, with the concerned related party abstaining from voting.

Regulation 23 of SEBI Listing Regulations states as follows:

- (1) The listed entity shall formulate a policy on materiality which shall be reviewed by the Board of Directors at least once every three years and updated accordingly.
- (2) All related party transactions and subsequent material modifications shall require prior approval of the Audit Committee of the Listed entity provided



that only those members of the Audit Committee, who are independent directors, shall approve related party transactions.

- (3) The Company may obtain omnibus approval from the Audit Committee for such transactions.
- (4) All material related party transactions and subsequent material modifications as defined by the Audit Committee under sub-regulation (2) above, shall require 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.

Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transactions in which the listed subsidiary is party but the listed entity in not a party;

Provided further that the requirements specified under this sub-regulation 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.

The provisions of sub-regulations (2), (3) and (4) shall not, inter alia, be applicable to transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

The Company has formulated a Standard Operating Procedure wherein a standard process for each type of transaction has been defined with an objective to establish

that the proposed transactions that require approval of the Audit Committee is at an arm's length basis and in the ordinary course of business.

## **PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION**

**A.** All related party transactions, material related party transactions and any subsequent material modifications thereto as defined by the Audit Committee require prior approval of the Audit Committee or the Board of Directors or the Shareholders of the Company, as the case may be, as per the Act and the Listing Regulations.

**B.** All Related Party Transaction(s) of the Subsidiary exceeding the threshold of material related party transactions as specified in Regulation 23 of the Listing Regulations and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Board or the Shareholders of the Company, as the case may be.

### **Prior approval and review of Audit Committee**

- 1) The Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:
  - a. The Audit Committee shall specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following namely:
    - i Maximum value of the transaction, in aggregate, which can be allowed under the omnibus 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

- iv review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each omnibus approval made;
  - v transactions which cannot be subject to the omnibus approval by the Audit Committee;
- b. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-
- i repetitiveness of the transactions (in past or in future);
  - ii justification for the need of omnibus approval;
- c. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company;
- d. The omnibus approval shall provide details of (i) the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into, (ii) basis of arriving at 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 transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees 1 crore per transaction;
- e. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the company pursuant to the omnibus approval given;

- f. All Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year;
- g. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company;

2. For determination of proposal of related party transactions whether they are in the ordinary course of business and at arm's length or not, the Audit Committee shall review following information from the Management of the Company:

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
  - i) details of the source of funds in connection with the proposed transaction;
  - ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
    - nature of indebtedness;

- cost of funds; and
- tenure;

iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and

iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.

- g. Justification as to why the RPT is in the interest of the listed entity;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- j. Any other information that may be relevant

3. Members of the Audit Committee, who are independent directors, shall only approve RPTs.

### **Approval of the Board of Directors of the Company**

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section, which are not in the ordinary course of business or not at arm's length basis, are required to be placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval, already mentioned above:

- a) Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) would require Board approval in addition to Audit Committee approval;
- b) Transactions in respect of which the Audit Committee is unable to determine

whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;

- c) Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval
- d) Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval.

### **Approval of the Shareholders of the Company**

All the transactions with related parties exceeding the materiality thresholds, laid down in the Policy, are placed before the shareholders for approval.

For this purpose, all entities falling under the definition of related parties shall not vote to approve irrespective of whether the entity is a party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) 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, as amended from time to time are placed before the shareholders for its approval.

However, the requirement of shareholders' approval shall not be applicable for transactions entered into between the company and its wholly owned subsidiary whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval

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:

- a. A summary of the information provided by the management of the Company to the audit committee as specified in point 2 above relating to information to be reviewed by the Audit Committee for approval of RPTs;
- b. Justification for why the proposed transaction is in the interest of the Company;
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under point 2(f) above relating to information to be reviewed by the Audit Committee for approval of RPTs in respect of loans, inter-corporate deposits made as mentioned above;
- d. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f. Any other information that may be relevant.

**DISCLOSURE:**

1. Appropriate disclosures as required under the Act and Listing Regulations shall be made in its Annual Return, Boards' Report and at such other places and to the Stock Exchanges on which equity shares of the Company are listed and such other authority as may be prescribed under the Act and Listing Regulation.
2. The listed entity shall submit to the Stock Exchanges, disclosures of related party transactions in the format as specified by SEBI from time to time, every six months, on the date of publication of its standalone and consolidated financial results, and publish the same on its website.

**Review of the transactions**

The Audit Committee shall review, on a quarterly basis, the details of all Related Party Transactions entered into by the Company.

**General**

The Policy would be subject to revision/amendment in accordance with the Laws. The Audit Committee shall review the Policy at least once in three years for making suitable amendments for better implementation of the Policy.

The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

The power to interpret and administer the Policy shall rest with the Audit Committee whose decision shall be final and binding.

In case of any inconsistency of the Policy with that of the provisions laid down under the Act and Listing Regulations and/or for the matters not provided for in the Policy, the provisions of the said Act and Listing Regulations shall prevail accordingly.

**JAYANTA BASU**  
**(MANAGING DIRECTOR)**

Place: Mumbai  
Date: 08 November, 2023