



**Policy on Materiality of Related Party Transactions
and on dealing with Related Party Transactions of
Everest Industries Limited**

Version 1.1/2025

1. Preamble

This Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions ("Policy") is prepared and adopted to build a framework for the Related Party Transactions of Everest Industries Limited ("EIL" or "Company"), in accordance with the requirement of Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations/ Listing Regulations, 2015**") read with the provisions of the Companies Act, 2013 ("**Act**") and rules made thereunder, as amended from time to time. This Policy shall regulate the transactions between the Company and its Related Parties as per the requirements and disclosures under the applicable laws and regulations.

2. Purpose of the Policy

Regulation 23(1) of the Listing Regulations, 2015 mandates that all listed companies formulate a policy on materiality of related party transactions and on dealing with Related Party Transactions, to ensure the proper approval and reporting of transactions between the Company and its Related Parties. The Company is required to make various disclosures of its related party transactions before the Audit Committee/Board/Shareholders as the case may be and also disclosures with respect to the same are required to be made in the Board's Report, Financial Statement and other specified documents. This Policy is also prepared for the identification and regulation of the Related Party Transactions keeping in view the provisions of the Act the rules made thereunder and the Listing Regulations, 2015.

3. Applicable Definitions

3.1. "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.

3.2 "Associate Company" shall have the meaning as defined in Section 2(6) of the Act.

3.3. "Board" means the Board of directors of EIL;

3.4. "Committee" means the Audit committee as defined under the Act and the Listing Regulations, 2015

3.5. "Key Managerial Personnel" or "KMP" means key managerial personnel as defined in Section 2(51) of the Act.

3.6. "Material Modifications" mean any modification of the existing related party transactions which amounts to;

- a) either change/modification in the aggregate value of transaction for an amount exceeding 15%; and/or
- b) any change in any terms and condition of the transactions resulting the change in its price or consideration of the individual transaction for an amount exceeding 25%; and/or
- c) Extension in duration of Related Party Transaction contract beyond a period of 6 months.

Provided that Audit Committee may while granting approval to any related party transaction, outline the criteria for determining material modification for the said transaction.

3.7. "Net worth" means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013;

3.8. "Policy" means this Policy on materiality of related party transactions and on dealing with Related Party Transactions;

3.9. "Related Party" means related party as defined under Section 2(76) of the Act or and Regulation 2(1) (zb) of the Listing Regulations, 2015, as amended from time to time.

3.10. "Related Party Transactions (RPT)" shall be those specified under section 188 (1) of the Companies Act, 2013 and as defined under Listing Regulations.

3.11. "Subsidiary company" or "Subsidiary" means a company as defined under Section 2(87) of the Act.

3.12. "Turnover" means turnover as defined in sub-section (91) of section 2 of the Companies Act, 2013;

Any other term not defined herein shall have the same meaning as defined in the Act, rules issued thereunder and/ or the Listing Regulations, 2015.

4. The Policy

Following is the structure of dealing with transactions with Related Parties with the Company:

- Identification of potential Related Party Transactions
- Approval of Related Party Transactions.
- Ratification of RPT
- Information to be placed before the Audit Committee, Board and Shareholders for obtaining their approvals
- Voting on Related Party Transactions

- Related Party Transactions that shall not require approvals
- Disclosure of Related Party Transactions

4.1. Identification of potential Related Party Transactions;

4.1.1. Identification of RPT as per Listing Regulations

Any transaction involving a transfer of resources, services or obligations between the Company 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
- ✓ 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 will be treated as related party transaction and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

4.1.2. Identification of RPT as per Companies Act, 2013

Following transactions are RPT under the Section 188 (1) of the Act:

- (a) sale, purchase or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company;

4.2. Approval of Related Party Transactions:

4.2.1 Approval of Audit Committee for RPT

1. Pursuant to provisions of Section 177 (4) of the Companies Act, 2013, approval of Audit Committee shall be obtained for related party transactions as specified in Section 188 of the Companies Act, 2013 and their subsequent modifications. Further, in accordance with Listing Regulations, prior approval of the Audit Committee shall be

obtained for all Related Party Transactions of the Company and their subsequent material modifications.

2. In accordance with Listing Regulations, w.e.f. April 1, 2023, 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 standalone turnover, as per the last audited financial statements of the subsidiary;

3. Pursuant to the Listing Regulations, the term "Material Modifications" shall be defined by the Audit Committee of the Company.

4. In accordance with Listing Regulations, only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions.

5. 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:

i. 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.

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

iii. Such omnibus approval shall specify (a) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (b) the indicative base price / current contracted price and the formula for variation in the price if any and (c) 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.

iv. 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.

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

6. Prior approval of the Audit Committee of the Company shall not be required for:

a. a related party transaction to which the listed subsidiary of the Company is a party but the Company is not a party.

(Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary, the prior approval of the audit committee of the listed subsidiary shall suffice.)

- b. transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders of the Company at the general meeting 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 of the Company at the general meeting for approval.
 - d. Remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, provided that the same is not material related party transaction.
7. The Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company or its subsidiaries and modifications therein.

4.2.2 Approval of Board of Directors of the Company for RPT

Pursuant to the provisions of Section 188 of the Companies Act, 2013 and the Companies (Meeting of Board and its Powers) Rules, 2014, approval of the Board of Directors of the Company shall be obtained in a meeting for the related party transactions as specified in Section 188(1) of the Companies Act, 2013 as amended from time to time.

Provided that the approval of the Board of Directors is not required:

- a) to any transactions entered into by the company in its ordinary course of business and transactions are on an arm's length basis
- b) transactions between the Company and wholly owned subsidiary of the Company whose accounts are consolidated with the Company and placed before the shareholders of the Company at the general meeting for approval

4.2.3 Approval of Shareholders of the Company for RPT

As per Listing Regulations

A) Approval of the Shareholders of the Company shall be obtained:

- i. in respect of all material related party transactions and subsequent material modifications.

A transaction with a related party shall be considered material, if the transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 crores or 10 % of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

- ii. where transaction involving payments made to a related party with respect to brand usage or royalty entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

B) Approval of the shareholders of the Company shall not be required for:

a. transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders of the Company at the general meeting for approval.

b. transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders of the Company at the general meeting for approval.

c. related party transaction to which the listed subsidiary of the Company is a party but the Company is not a party.

(Explanation: For related party transactions of unlisted subsidiaries of the Company, the prior approval of the shareholders of the listed subsidiary shall suffice.)

As per Companies Act, 2013

Prior approval of shareholders shall be required where related party transactions as specified in Section 188 of the Companies Act, 2013 are not in the ordinary course of business and not on arms' length basis and the value of such transactions exceeds the threshold limits specified in the Section 188 of Companies Act, 2013 & Rules thereunder.

Clear threshold limits for approval of Shareholders as per Companies Act, 2013 and Listing Regulations is specified below:

Sr. No.	Transactions	Threshold limit
a)	Sale, purchase or supply of any goods or materials directly or through appointment of agent	Amounting to 10% or more of the turnover of the Company
b)	Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agent	Amounting to 10% or more of net worth of the Company
c)	Leasing of property of the Company of any kind	Amounting to 10% or more of turnover of the company
d)	Availing or rendering of any services directly or through appointment of agent	Amounting to 10% or more of the turnover of the company

	Note: Limits specified in above transactions shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.	
e)	Related party's appointment to any office or place of profit in the company, its Subsidiary Company or Associate Company	At a monthly remuneration exceeding Rs 2.5 lakhs.
f)	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company	Exceeding 1% of the net worth of the Company.
g)	Transactions between the Company and related parties (not being the Wholly Owned Subsidiary of the Company)*	Exceeding Rs. 1,000 crores or 10 % of the annual consolidated turnover of the Company whichever is lower
h)	Transactions between the Company and related parties (not being the Wholly Owned Subsidiary of the Company)* involving payments made to a related party with respect to brand usage or royalty	Exceeding 5% of the annual consolidated turnover of the Company

* Further the transactions between 2 Wholly Owned Subsidiaries, whose accounts are consolidated with the Company and placed before the shareholders of the Company at the general meeting for approval does not require approval of Shareholders.

4.3 Ratification of RPT

Ratification by Audit Committee under Listing Regulations

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:

- (i) 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;
- (ii) the transaction is not material in terms of the provisions of sub-regulation (1) of Regulation 23 of the listing regulations;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;

(iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of regulation 23 of the listing regulations;

(v) 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 company against any loss incurred by it.

Ratification by Board under Companies Act, 2013

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under sub-section (1) and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and 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.

The Committee shall consider all the relevant facts & circumstances regarding the said transaction and shall evaluate all options available with the Company including revision, ratification or termination of the Related Party Transaction. The Committee shall also examine the reasons for not reporting the Related Party Transaction to the Committee.

In case the Committee decides not to ratify a Related Party Transaction that has been commenced without approval, the Committee, may recommend the same for approval of Board and/ or direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction.

4.4. Information to be placed before the Audit Committee, Board and Shareholders for obtaining their approvals

The Company shall place the information as specified in Companies Act, 2013, Listing Regulations and relevant circulars issued by Securities and Exchange Board of India (SEBI), from time to time in this regard before the Audit Committee, Board and Shareholders of the Company while obtaining their respective approvals.

4.5 Voting on Related Party Transactions:

- **Voting on Related Party Transaction placed before the Audit Committee**

In accordance with Listing Regulations, members of the Audit Committee, who are Independent Directors, shall approve related party transactions.

- **Voting on Related Party Transaction placed before the Board**

Any Director interested in Related Party Transaction placed before the Board shall not participate in the discussion and abstained from voting.

- **Voting on Related Party Transaction placed before Shareholders**

As per Listing Regulations

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

As per Companies Act, 2013

No member of the company shall vote on such resolution, to approve any contract or arrangement, which may be entered into by the company, if such member is a related party.

4.6. Related Party Transactions that shall not require approvals:

Following transactions are not Related Party Transactions and/ or shall not require any separate approval of Audit Committee/ Board under this Policy:

- a. Any transaction pertaining to appointment and remuneration of Directors and KMPs that require approval of the Nomination and Remuneration Committee of the Company and the Board;
- b. 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;
- c. 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; and
 - (iv) buy-back of securities;
- d. Transactions involving corporate restructuring, such as capital reduction, merger, demerger, hive -off etc. which are approved by the Board and carried out in accordance with the specific provisions of the Companies Act, 2013 or the Listing Regulations, 2015;
- e. Contribution towards Corporate Social Responsibility (CSR) within the overall limits approved by the Board as recommended by CSR Committee.
- f. Retail purchases by the directors and employees from the Company or its subsidiary at arm's length price and without establishing any business relationship.

4.7 Disclosure of Related Party Transactions

Disclosure shall be made by the Company in accordance with the provisions of the Act, Rules, Listing Regulations.

5. Amendments

Any subsequent amendments / modifications in the Listing Regulations or the Act or any other governing Act / Rules / Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and / or amended to that extent, even if not incorporated in this Policy.

Any changes in SEBI LODR and Companies Act, 2013 or any other law requiring modification to this policy, the same shall be reviewed and amended by Managing Director, once the amendments are effective and shall prevail even if the same are not incorporated in the policy. Such amendments carried out with approval of Managing Director shall be placed before Audit Committee and Board for their noting. Any major amendments in the policy shall be carried out with the approval of the Board on recommendation of the Audit Committee.

6. Review

This Policy will be reviewed as and when required but atleast once in three years.

This Policy shall come into force with effect from February 4, 2025 in supersession of the earlier policy adopted by the Board on February 10, 2022.