



TECHNOCRAFT VENTURES LIMITED

(Formerly known as M/s Technocraft Construction Private Limited)

ISO 4500:2018 | ISO 14001:2015 | ISO 9001:2015 Certified

POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

Pursuant to Regulation 23(1) of SEBI (LODR) Regulations 2015

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Policy on Materiality of and Dealing with Related Party Transactions

I. PREFACE

Regulation 23(1) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, (“Listing Regulations”), requires that a listed entity shall formulate a policy on materiality of related party transactions and on dealing with related party transactions as may be determined under the Companies Act, 2013 and rules prescribed thereunder (“Act”), Listing Regulations and any other laws and regulations as may be applicable to the Company.

TECHNOCRAFT VENTURES LIMITED (the “Company”), has always been committed to good Corporate Governance Practices, including in matters relating to Related Party Transactions (RPTs). An endeavor is consistently made to have transactions with Related Parties only at arms’ length basis.

All RPTs, as defined in this Policy, shall be subject to review in accordance with the procedures set forth below.

II. DEFINITIONS

“**Applicable Law**” means the Act and the Listing Regulations

“**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.

“**Audit Committee**” means the Committee of the Board formed under section 177 of the Act and Regulation 18 of the Listing Regulations.

“**Board**” means the Board of Directors of the Company.

“**Material Related Party Transactions**” means

A. Under the Listing Regulations

- i. Any transaction to be entered into with a Related Party (other than a wholly owned subsidiary), value whereof, individually or taken together with previous RPTs during a financial year, **exceeds Rs. 1000 crores** (one thousand crores) or 10% (ten percent) of the annual consolidated turnover of the Company, whichever is lower as per the last audited financial statements of the Company or such other threshold as may be laid down from time to time by Applicable Law;
- ii. 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 5% (five percent) of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

B. Under the Act

- i. A transaction(s) as defined under Section 188(1) of the Act entered into by the Company with the Related Parties as defined under Section 2(76) of the Act, where the aggregate value of the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the limits as prescribed under the Act from time to time.

“**Material modification(s)**” shall mean any modification made in the terms and conditions of any Related Party Transactions, which are existing as on the date of adoption of this Policy or entered subsequently as originally approved by the Audit Committee and/ or shareholders, as the case

may be, having significant impact, including the criteria illustrated below, on the nature, value, tenure, exposure, or likely financial impact of such transaction, as may be determined by the Audit Committee from time to time;

Inclusive list of rebuttable presumption that a modification is material, if such modification, together with previous modifications during a financial year, results into any of the following:

- a. A variation in the value of the transaction/ contract as originally approved, by 25% or more;
- b. The terms of the contract cease to be arm's length Granting of wavier, abatement or any other relief to other party, which results into a financial implication equal to 25% or more of the value of the contract;
- c. Extension of tenure of contract by 25% or more of original tenure, except for completion of any residual performances;
- d. Any modification which results into the claims of either party being subordinated, or relaxation of security interest:
- e. Provided that giving any consent for cessation of pari passu charge or any other security interest, provided there is adequate asset cover, shall not be deemed as modification of contract;
- f. Any novation of the contract or arrangement to a third party.

Provided further that the following shall not be considered as material modification:

- a. modifications which may be mandated pursuant to change in law;
- b. modifications pursuant to and in accordance with the terms of the approved transaction/ contract, whether with or without mutual consent of parties, as the case may be;
- c. modifications resulting from change in constitution of either of parties pursuant to scheme of arrangement (eg: merger, amalgamation, demerger, etc.);
- d. modifications which are purely technical and do not result in substantive change or alteration of rights, interests, and obligations of any of the parties;
- e. modifications uniformly affected for similar transactions with unrelated parties.

"Policy" means Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions.

"Related party" means a related party as defined under section 2(76) of the Act, Regulation 2(1)(zb) of the Listing Regulations or under the applicable accounting standards.

"Relative" means as defined under section 2(77) of the Act and Regulation 2(1)(zd) of the Listing Regulations.

"Related Party Transactions" means

A. Under the Listing Regulations

As defined under Regulation 2 (1) (zc) of Listing Regulations, means a transaction involving a transfer of resources, services or obligations between:

- i. the 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. the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a Related Party of the Company or any of its subsidiaries, 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.

Provided that the following shall 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:
 - payment of dividend;
 - subdivision or consolidation of securities;
 - issuance of securities by way of a rights issue or a bonus issue; and
 - 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 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 recognized stock exchange(s);"

B. Under the Act

As per Section 188 of the Act, shall mean contracts or arrangements with related party with respect to:

- i. Sale, purchase or supply of any goods or materials;
- ii. Selling or otherwise disposing of, or buying, property of any kind;
- iii. Leasing of property of any kind;
- iv. Availing or rendering of any services;
- v. Appointment of any agent for purchase or sale of goods, materials, services or property;
- vi. Such related party's appointment to any office or place of profit in the Company, its Subsidiary Company or Associate Company; and
- vii. Underwriting the subscription of any securities or derivatives thereof, of the Company. "Collectively the Related Party Transaction shall constitute the above."

"Words and expressions used but not defined in this Policy shall have the same meaning as respectively assigned to them, in the Applicable Law under reference, that is to say, the Act and Rules framed thereunder, or Listing Regulations, as amended, from time to time.

III. IDENTIFICATION OF RELATED PARTY AND RPTS

1. Each Director and Key Managerial Personal is responsible for providing notice to the Board or Audit Committee regarding persons and entities to be considered as "Related Party" by virtue of him / her being Director / KMP in the entity or holding certain shareholding percentage. Such notice shall be provided to the Company at the time of appointment and also at the time of first board meeting of every financial year and whenever there is any change in the disclosures already made.
2. Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential RPTs involving him or her or his or her Relative, including any additional information about the transaction that the Board /Audit Committee may reasonably request. Board / Audit Committee will determine whether the transaction does, in fact, constitute RPTs requiring compliance with this Policy.
3. The Management shall make disclosures to the Board relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large.

IV. APPROVAL FRAMEWORK

1. All the Related Party Transactions proposed to be entered and subsequent Material Modification thereto shall require prior approval of the Audit Committee including the transactions to be entered in the ordinary course of business. Any modification other than material modification should be subsequently ratified by the audit committee. The Audit Committee shall accordingly recommend the Related Party Transaction for the approval of Board of Directors /Shareholders as per the terms of this Policy.

Only those members of the audit committee, who are independent directors, shall approve related-party transactions

2. (a) RPTs 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 (10%) of the annual consolidated turnover, as per the last audited financial statements of the Company; and

(b) with effect from April 1, 2023, RPTs 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 (10%) of the annual standalone turnover, as per the last audited financial statements of the subsidiary of the Company.
3. The Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the Company subject to the following conditions:
 - a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this Policy and as per Applicable Laws and such approval shall be applicable in respect of transactions which are repetitive in nature;
 - b. The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;
 - c. Such omnibus approval shall specify (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that shall 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 RPTs 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 one crore** per transaction.

- d. Audit Committee shall review, at-least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

4. Board Approval

Where it is mandatory under the Applicable Law for the Board to approve a RPT or the Audit Committee determines that a RPT should be brought before the Board, then such RPTs shall be approved by the Board.

5. Shareholder Approval

All Material Related Party Transactions and subsequent material modifications thereto shall require prior approval of the shareholders through resolution and the no Related Parties shall vote to approve such resolutions whether the entity is a Related Party to the particular transaction or not.

The above approval of Audit Committee, Board and Shareholders as the case may be is not required if:

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

6. Ratification by Audit Committee

- a. In the event the Company becomes aware of a transaction with a Related Party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all the relevant facts and circumstances regarding the RPT, and shall evaluate all options available to the Company, including ratification, revision or termination of the RPTs within a period of three months from the date of entering into such a transaction.
- b. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Audit Committee under this Policy and failure of the internal control system and shall take any such actions it deems appropriate.
- c. In case, where the Audit Committee determines not to ratify a RPT that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation by the defaulting person (as may be decided by the Audit committee) to the Related Party or the Company as the case may be, etc.

7. Ratification by the Board/Shareholders

For transactions that are required to be approved by the Board, but not approved prior to its consummation, the same shall also be required to be ratified by the Board within a period of three months from the date of entering into such a transaction. Furthermore, if the said transaction is a Material Related Party Transaction or a Material Modification thereto, then the same will also be required to be placed before the shareholders for their approval.

Each Director who is a Related Party with respect to a particular RPT shall disclose all material information to the Board/Committee concerning such RPT and his or her interest in such transaction (s).

Wherever the Board consent / shareholders' approval is required, a) the agenda of the Board meeting at which the resolution is proposed to be moved and b) explanatory statement to be annexed to the notice of such general meeting, shall disclose all such details / information about the contract as are prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014.

V. DISCLOSURES

The Related Party Transactions, Material Related Party Transactions, agreements, arrangements, contracts and Policy will be disclosed from time to time as required under the Act (as amended from time to time), Listing Regulations (as amended from time to time) and as per the applicable Indian Accounting Standards.

The Company shall disclose this Policy on its website and a web link thereto shall be provided in the Annual Report of the Company.

VI. REVIEW/AMENDMENT

The Audit Committee shall periodically review this Policy at-least once in three (3) years and may recommend amendments to this Policy to the Board from time to time, as it deem appropriate. The Audit Committee may, as it deems appropriate and reasonable, establish from time-to-time guidelines regarding the review of RPTs.

For Technocraft Ventures Ltd.


Director