

GRAPHITE INDIA LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

I) Definitions

- (i) **Key managerial Personnel (KMP)** [Section 2(51) of the Act] - KMP means (i) the CEO or the MD or the manager; (ii) company secretary; (iii) the whole-time director (WTD); (iv) the CFO; and (v) such other officer as may be prescribed.
- (ii) “Material Transaction (s)” A transaction with a related party shall be considered material if –
- a) 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. The transaction involving payments with respect to brand usage or royalty, to be 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.
- (iii) **Section 2 (76) of Companies Act, 2013 (Act) ‘related party’ with reference to a company means –**
- (a) a director or his relative;
- (b) a key managerial personnel (KMP) or his relative;
- (c) a firm, in which a director, manager or his relative is a partner;
- (d) a private company in which a director or manager is a member or director;
- (e) 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;
- (f) 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;
- (g) 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;
- (h) 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;
(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.
- (i) such other person as may be prescribed

Prescribed under Rule 3 of the Companies (Specification of definition details) Rules 2014 (Definition Rules)

For the purpose of sub clause (ix) of clause 76 of Section 2 of the Act, a director or Key Managerial Personnel of the holding company or his relative with reference to the company shall be deemed to be related party.

Under Listing Obligations and Disclosure Requirements 2015 (LODR)

An entity shall be considered as related to the company if -

- a. such entity is a related party under Section 2(76) of Companies Act, 2013 ;
or
- b. Such entity is a related party under the applicable accounting standards (IND AS is applicable for the Company)

Provided that:

(a) any person or entity forming part of the promoter or promoter group of the Company : or

(b) any person or any entity, holding equity shares:

- (i) of twenty per cent or more ; or
- (ii) of ten percent or more, with effect from April 1, 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 immediate preceding financial year;
shall be deemed to be a related party.

- (iii) **Section 2 (77) of Companies Act, 2013 (Act) “Relative” with reference to any person, means** anyone who is related to another, if –
 - (1) they are members of a Hindu Undivided Family
 - (2) they are husband and wife or
 - (3) one person is related to the other in such manner as may be prescribed.

Prescribed under (Rule 4 of Definition Rules)

A person shall be deemed to be relative of another, if he or she is related to another in the following manner: - (1) Father including step-father; (2) Mother including step-mother; (3) son including step-son; (4) son's wife; (5) daughter; (6) daughter's husband; (7) brother including step-brother; and (8) sister including step-sister.

**II) Transactions which may be treated as Related Party Transactions (RPT)
(I) (As per Section 188 of Companies Act, 2013)**

“Related Party Transactions” (RPT) means any contract or arrangement with related party with respect to-

- (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.

(II) (As per LODR)

Related party transaction 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 any 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 part 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 of SEBI(Issue of Capital and Disclosure Requirements)Regulations 2018 ;
- (b) the following corporate actions by a listed entity which are uniformly applicable/ offered to all shareholders in propotion to their shareholding ;
- (i) payment of dividend ; (ii) sub division or consolidation of securities ;
- (iii) issuance of securities by way of a rights issue or a bonus issue ; and (iv) buy-back of securities .

III) Transactions which may not be construed as RPT

The following transaction, even though entered into between related parties, may not amount to RPT- (i) that does not fulfill the nature of transactions mentioned in paragraph II above; (ii) that is entered into by the company in its ordinary course of business and is concluded on arm's length basis.

The expression “arm's length” transaction means transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

IV) Manner of entering into RPT

(i) Approval by Audit Committee (AC)

All RPTs and subsequent material modifications shall require prior approval by the Audit Committee. Provided that only those members of the Audit Committee, who are independent directors shall approve RPTs.

- (a) 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 consolidated turnover, as per the last audited financial statements of the Company ;
- (b) with effect from April 1, 2023, 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;
- (c) prior approval of the audit committee of the Company shall not be required for a related party transaction to which the Company's subsidiary is a party but the

- (d) Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

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

- (e) Any increase exceeding 10 % in the amount of a related party transaction already approved by the audit committee would constitute subsequent material modification.

Omnibus Approvals

- (a) Where transactions are repetitive in nature, AC can grant omnibus approvals (OA) subject to -Laying down criteria for grant of OA in line with this policy.
- (b) AC shall satisfy itself the need for such OA and that such approval is in the interest of the Company.
- (c) Such OA 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;
- (d) Review on quarterly basis of details of such RPTs

Where the need for RPT 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. 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 AC shall review at least on a quarterly basis the details of RPTs entered into pursuant to the each of the omnibus approvals given.

(ii) Approval of Board of Directors (Board)

- a) Transactions u/s188 of Companies Act 2013 which are not in the ordinary course of business or not on arms length basis and
- b) All material RPTs including subsequent modifications would also be approved by the Board.

Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

(iii) Approval of members of the company

Except with the prior approval of the company by a resolution, the company shall not enter into a transaction or transactions, where the transaction or transactions to be entered into,—

- (a) as contracts or arrangements with respect to clauses (a) to (e) of (II) here-in above with criteria as mentioned below -

- (i) sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company
- (ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company as mentioned in clause (b) and clause (e) respectively of (II) here-in above;
- (iii) leasing of property of any kind amounting to ten percent or more of the net worth

(iv) of the company or ten per cent. of turnover of the company as mentioned in clause (c) of (II) here-in above;

(v) availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company as mentioned in clause (d) and clause (e) of (II) here-in above;

Explanation - It is hereby clarified that the limits specified in sub-clauses (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

(b) is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f) of (II) here-in above; or

(c) is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one per cent of the net worth as mentioned in clause (g) of (II) here-in above;

Explanation - The Turnover or Net Worth referred shall be computed on the basis of the Audited Financial Statement of the preceding financial year.

V) Material RPTs

Regulation 23(4) of LODR -All material related party transactions and subsequent material modifications as defined by the audit committee 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. Such approval is required irrespective of whether the transaction is in the ordinary course of business or whether the same is on arm's length basis.

Provided that prior approval of the shareholders of the Company shall not be required for a related party transaction to which the Company's listed subsidiary is a party but the Company is not a party if regulation 23 and sub regulation 2 of regulation 15 of LODR are applicable to the listed subsidiary.

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

VI) Exemptions-

Transactions entered into between (i)the Company and its wholly owned subsidiaries and,(ii)transactions 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 are exempt from the requirements of obtaining audit committee and share holders approval

VII) This policy shall be reviewed by the Board of Directors of the Company at least once in three years.

VIII) With effect from 1st April 2022, this policy would supersede the existing policy approved by the Board of Directors on 1st November 2021

This policy was approved by Board of Directors on 23.05. 2022.