

CONSOLIDATED FINVEST & HOLDINGS LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. INTRODUCTION

The related party transactions are regulated by the Companies Act, 2013, the Rules framed thereunder (the Act) and the SEBI (Listing Obligation and Discloser Requirements) Regulations 2015 (Listing Regulations) (collectively referred to as “Statutory Provisions”). In case any provisions of this Policy are contrary to or inconsistent with the Statutory Provisions, the Statutory Provisions shall prevail. This amended Policy has been approved by the Board of Directors at its meeting held on 27th April 2022

2. DEFINITIONS

2.1. “Audit Committee” means the committee of Board of Directors constituted in pursuance of Section 177 of the Act and Clause 18 of Listing Regulations.

2.2. “Board” means the Board of Directors of Consolidated Finvest & Holdings Limited (the Company).

2.3. “Key Managerial Personnel” means the person(s) appointed as such in pursuance of Section 203 read with Section 2(51) of the Act.

2.4. “Related Party” means a person or an entity which is a related party under Section 2(76) of the Act and as per Regulation 2(1)(zb) of the Listing Regulations or under the applicable accounting standards as amended from time to time.

2.5. “Related Party Transaction” shall mean a transaction falling under Regulation 2(1) (zc), Regulation 23 of Listing Regulations and/or Section 188 of the Act read with the Rules made thereof, as amended from time to time.

2.6. “Specified RPT” shall have the meaning as prescribed in Clause 3.3.5 hereof.

2.7. “Material modification” of related party transaction will mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee/Board/ Shareholders, as the case may be.

3. PROCEDURE

3.1 Identification of Related Parties: On the basis of the disclosures made by Directors and Key Managerial Personnel, the Company shall compile the list of Related Parties. Such list shall be updated from time to time.

3.2 Material Related Party Transaction

1. A Related Party Transaction shall be considered Material if the transaction or transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1000 Crores or 10% of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower.
 2. 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% of the annual consolidated turnover of the Company as per the its last audited financial statements.

3.3 Review and approval of Related Party Transactions

1. All Related Party Transactions including any modification/renewal thereof shall require prior approval of the Audit Committee, provided that only those members of audit committee who are independent shall approve the related party transactions.
2. The Audit Committee may grant omnibus approval to one or more proposed Related Party Transactions, which are of repetitive nature and where exact volume or price of the transaction cannot be ascertained at the time of approval.

The omnibus approval shall be subject to the following conditions:-

- a. The Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company;
- b. 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 Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to the transaction value not exceeding Rs.1 crore per transaction. Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each omnibus approval. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

3. The information in respect of proposed Related Party Transactions along with complete details should be submitted to the Audit Committee for its approval including

the status of the transaction to the effect that whether the proposed Related Party Transaction is on an arm's length basis and in the ordinary course of business along with justification thereof.

4. Every Related Party Transaction to be entered into by the subsidiary of the Company to which the Company is not a party, shall require prior approval of the audit committee of the Company, if value of such transaction whether entered into individually or taken together with previous transactions during the financial year exceeds

- a. With effect from April 1, 2022, 10% of the annual consolidated turnover, as per the last audited financial statements of the company, or
- b. With effect from April, 2023, 10% of standalone turnover, as per the last audited financial statements of the subsidiary.

However, prior approval of the audit Committee shall not be required for a related party transaction to which listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of Listing regulations are applicable to such listed subsidiary.

For related party transaction of unlisted subsidiaries of a listed subsidiary as referred to above the prior approval of the audit committee of the listed subsidiary shall suffice.

5. In case a Related Party Transaction under the Act is either 'not on an arm's length basis' or 'not in the ordinary course of business' ("**Specified RPT**"), such Related Party Transaction shall also require approval of Board of Directors of the Company. Where any director is interested in any Related Party transaction, such director will abstain from discussion and voting on the subject matter of the resolution relating to such transaction.

6. Further, all related party transaction (which are not in ordinary course of business or not at arm's length price and are exceeding threshold limits prescribed in the Act and Rules, shall require the prior approval of the shareholders of the Company by way of Ordinary resolution and all entities falling under the definition of related party shall vote to approve relevant shareholders resolutions irrespective of whether the entity is a related party to the particular transaction or not.

7. Each Material Related Party Transaction and subsequent material modification shall require prior approval of the Board and shareholders of the Company, in accordance with the relevant provisions of the Listing Regulations, the Act or the Rules, as may be applicable.

8. No related party shall vote to approve relevant shareholders resolutions irrespective of whether the entity is a related party to the particular transaction or not.

Provided that prior approval of shareholders of the Company shall not be required for RPTs where listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of Listing regulations are applicable to such listed subsidiary.

9. Subject to the other provisions of clause 3, brief details of Related Party Transactions entered into by the Company should be placed before the Audit Committee on a quarterly basis.

4. DISCLOSURE OF RELATED PARTY TRANSACTIONS

The particulars of Related Party Transactions shall be entered in the register(s) maintained under the Act, wherever applicable and shall be disclosed in such manner as may be prescribed under the Listing Regulations, the Act and Rules. The Company shall submit disclosure of related party transactions for the half year on a consolidated basis, in the format and time to time specified by the SEBI, from time to time and publish the same on its website.

5. AMENDMENT

This Policy can be amended, modified, or revised from time to time and if there is no bar under the Listing Regulations or the Act, then the same can be abrogated by the Board of Directors of the Company. If anything written in the Policy which is contrary to the provisions contained in the Act or the Listing regulations (because of substitution(s) or modification(s) or amendment(s) or otherwise then provision of the Act and Listing regulations shall prevail. This Policy is lastly amended as per recommendation of the Audit Committee meeting held on 25th April 2022 and approved by the Board of Directors at its meeting held on 27th April 2022.