

EXCEL REALTY N INFRA LIMITED
(Formerly known as Excel Infoways Limited)

EXCEL REALTY N INFRA LIMITED

**POLICY ON MATERIALITY OF
RELATED PARTY TRANSACTIONS
AND
ON DEALING WITH
RELATED PARTY TRANSACTIONS**

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1. PREAMBLE

The Board of Directors of Excel Realty N Infra Limited (“the Company”) has adopted the following policy (“RPT Policy or this Policy”) and procedures with regards to Related Party Transactions as defined below pursuant to Regulations 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). This policy will be applicable to all the related party transactions entered by the Company. This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable on the Company.

2. OBJECTIVE

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. This Policy intends to ensure the proper approval and reporting of the transactions between the Company and its Related Parties.

The objective of this Policy is to set out the

- Materiality of related party transactions and
- the manner of dealing with the related party transactions between the Company and its related parties based on the provisions of the Companies Act, 2013 and Regulation 23 of the Listing Regulations and other applicable laws and regulations as amended from time to time.

3. DEFINITION

- i. “**Act**” means the Companies Act, 2013
- ii. “**Regulation 23**” means the Regulation no. 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- iii. “**Audit Committee or Committee**” means the Audit Committee constituted by the Board of Directors of the Company from time to time under the provisions of Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013 and rules framed therein from time to time.
- iv. “**Arm’s Length Basis**” means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- v. “**Board of Directors**” or “**Board**” means the Board of Directors of the Company as constituted from time to time.
- vi. “**Key Managerial Personnel**” means Key Managerial Personnel as defined under the Companies Act, 2013.
- vii. “**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

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Association. The Board of Directors and 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.

- viii. **“Material Modification”** of transaction means where there in change of 20 percent of total value involved or 20 percent of total volume involved.
- ix. **“Material Related Party Transaction”** means a transaction / transactions to be entered with a Related Party which individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.
- Further, 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 five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- x. **“Policy”** means Policy on Materiality and Dealing with Related Party Transactions.
- xi. **“Relative”** with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed there under.
- xii. **“Related Party”** have the meaning as defined in Section 2(76) of Companies Act, 2013 and Regulation 2 (1) (ZB) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- xiii. **“Related Party Transaction”** means a transfer of resources, services or obligations between the Company and a related party, 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.
- xiv. **“Specified Transaction” includes the following transactions:**
- (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;
 - (g) Underwriting the subscription of any securities or derivatives thereof, of the Company; and
 - (h) Such other transactions as may be prescribed under the Companies Act, 2013 and the Rules made thereunder, from time to time.

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4. POLICY

A. All Related Party Transactions and subsequent material modifications:

All Related Party Transactions and subsequent material modifications shall require prior approval of Audit Committee. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

Further, all Material Related Party Transactions and subsequent material modifications as defined by audit committee shall require prior approval of the shareholders through special resolution.

B. A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party:

A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity 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 listed entity.

C. A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party:

A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity 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.

D. Non-Requirements of prior approval of the audit committee of the listed entity:

The prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity 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 (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.

E. Materiality Thresholds:

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Regulation 23 of the SEBI Listing Regulations requires a Company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required.

However, the requirements specified above 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 Company has fixed the following materiality threshold for the purpose of Regulation 23(1), 23(1A) and 23(4) of the SEBI Listing Regulations:

- **Payment to a Related Party with respect to brand usage or royalty:** 5% of the annual consolidated turnover of the Company as per its last audited financial statements or such other higher threshold as may be prescribed in the Listing Regulations from time to time.
- **Other transactions with a Related Party:** Rupees Twenty- five Crore or 10% of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower or such other higher threshold as may be prescribed in the Listing Regulations from time to time.

The provisions of regulation 23(2), (3) and (4) shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary and transactions entered into between two wholly-owned subsidiaries of the listed holding company whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

- 5. IDENTIFICATION AND NOTIFICATION OF RELATED PARTY TRANSACTIONS:**
- i. Every Director or Key Managerial Personnel shall, within a period of thirty days of his/her appointment, or relinquishment of his/her office, as the case may be, disclose to the Company the particulars relating to his concern or interest in the other associations/entities.
 - ii. In accordance with the provisions of Section 184 of the Companies Act, 2013, every Director shall at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board Meeting held after such change, disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding.

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- iii. Each Director and Key Managerial Personnel and other related party shall promptly notify the compliance officer of any material interest that such person or relative of such person had, has or may have in a proposed Related Party Transaction. The notice shall include a description of the transaction and the aggregate amount.
- iv. Senior 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 (for e.g., dealing in Company's shares, commercial dealings with bodies, which have shareholding of management and their relatives, etc.).
- v. The Compliance Officer shall promptly notify the Chairman of the Audit Committee of the Board of any such proposed Related Party Transactions notified by the Director or Key Managerial Personnel or any other transactions which are to be entered into with any Related Party.
- vi. Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.
- vii. The Company prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee / Board has adequate time to obtain and review information about the proposed transaction.

6. APPROVAL OF RELATED PARTY TRANSACTION

- i. All Related Party Transactions (other than those entered into by the Company with its Wholly Owned Subsidiary) shall require prior approval of the Audit Committee. However, the transactions entered into by the Company with its Wholly Owned Subsidiary, will be placed before the Committee for its approval.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party transaction.

- ii. In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant Omnibus Approval. While granting such omnibus approval, the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company.

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The omnibus approval shall specify the following:

- Name of the related party
- Nature of the transaction
- Period of the transaction
- Maximum amount of the transactions that can be entered into
- Indicative base price / current contracted price and formula for variation in price, if any
- Such other conditions as the Audit Committee may deem fit

iii. 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 INR 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.

iv. Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.

v. In exceptional circumstances, where it is not feasible to seek prior approval of the Audit Committee, Board of Directors and / or shareholders, as the case may be, in respect of any Related Party Transaction, then it shall be required to be ratified by the Audit Committee, Board of Directors and / or shareholders, as the case may be, within a period of three months of entering into Related Party Transaction.

In case, the same 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 and if the contract or arrangement is with a related party to any Director, or is authorized by any other Director, the Directors concerned shall indemnify the company against any loss incurred by it.

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not.

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- Nature of the transaction i.e., details of goods or property to be acquired / transferred or services to be rendered / availed – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction.
- Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum.
- Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction.
- Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction.
- Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
 - ✓ Market analysis, research report, industry trends, business strategies, financial forecasts, etc.
 - ✓ Third party comparable, valuation reports, price publications including stock exchange and commodity market quotations.
 - ✓ Management assessment of pricing terms and business justification for the proposed transaction.
 - ✓ Comparative analysis, if any, of other such transaction entered into by the company.

APPROVAL OF THE BOARD OF DIRECTORS OF THE COMPANY:

As per the provisions of Section 188 of Companies Act, 2013, all kinds of transactions specified under the said Section and which are not in the ordinary course of business and at arm's length basis shall be placed before the Board for its approval.

Any member of the Board who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party transaction.

In addition to the above, the following kinds of transactions with Related Parties are also placed before the Board for its approval:

- 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) require Board approval in addition to Audit Committee approval.
- 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;

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In case the Company is not doing similar transactions with any other non-related party, terms for similar transactions between other non-related parties of similar standing can be considered to establish 'arm's length basis'.

- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
- 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:

- i. All the transactions with related parties meeting the materiality thresholds, laid down in the Policy, are placed before the shareholders for approval.
- ii. Listing Regulations provides that the requirement for seeking shareholders' approval shall not be applicable to transactions between the Company and its wholly owned subsidiary/ies and transactions entered into between two wholly-owned subsidiaries of the listed holding company whose accounts are consolidated with the Company.
- iii. In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business and at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 shall be placed before the shareholders for its approval.

Further, Explanatory Statement to be annexed to the notice of a general meeting seeking approval of shareholders shall contain the following particulars viz.:- (a) Name of the Related Party; (b) Name of the Director or Key Managerial Personnel who is related, if any; (c) Nature of relationship; (d) Nature, material terms, monetary value and particulars of the contract or arrangement; (e) Any other information relevant or important for the members to take a decision on the proposed resolution. In addition to this Shareholders shall be provided with information as is required by SEBI Circular dated November 22, 2021.

7. REVIEW OF RELATED PARTY TRANSACTIONS:

Followings items that need to be placed before audit committee and members of company:

- a. To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction:
 - The name of the Related Party and nature of relationship;

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- The nature, duration of the contract and particulars of the contract or arrangement;
 - The material terms of the contract or arrangement including the value, if any;
 - Any advance paid or received for the contract or arrangement, if any;
 - The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
 - Whether all factors relevant to the contract have been considered; and
 - Any other information relevant or important for the Audit Committee/Board to take a decision on the proposed transaction.
 - Any other information as may be mentioned in SEBI Circular dt: November 22, 2021.
- b. Factors to be considered for considering the approval of a Related Party Transaction are as follows:
- Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party; and are in the ordinary course of business;
 - Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
 - Whether the Related Party Transaction would affect the independence of an independent director.
 - Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
 - Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company; and
 - Any other factors the Committee deems relevant.
 - Any other factors as may be mentioned in SEBI Circular dated: November 22, 2021.

8. DISCLOSURE OF RELATED PARTY TRANSACTIONS:

The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year or within such time as may be prescribed in the SEBI Listing Regulations; disclosures of Related Party Transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

9. DISCLOSURE OF POLICY:

The Company shall disclose the Policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.

10. REPORTING:

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- i. All Related Party Transactions shall be disclosed in the Board's Report along with details and justification for entering into such transaction including details as mentioned in Schedule V of Listing Regulations.
- ii. All Related Party Transactions in which Directors are interested as defined in Section 184 shall be entered in with all the relevant particulars in register maintained as per Form MBP-4 prescribed in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014.
- iii. Details of material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance to the stock exchanges.
- iv. Any other reporting shall be done as prescribed in applicable regulation.

11. SCOPE LIMITATION:

In the event of any conflict between the provisions of this Policy and of the Listing Regulations / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations / Companies Act, 2013 or statutory enactments, Rules shall prevail over this Policy.

Further, amendments in the statutory Provisions shall be binding even if not incorporated in this Policy.

12. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:

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 related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a related party transaction 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

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person (as may be decided by the Audit Committee) to the related party or the Company as the case may be etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

13. AMENDMENTS:

The Board of Directors may, from time to time, make amendments to this Policy to the extent required due to change in applicable laws and regulations or as deemed fit on a review. *Last amended 17-01-2025.*