

# Phoenix Township Limited

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## Related Party Transaction Policy

<b>Approving Authority</b>	<b>Issue Date</b>
Board of Directors	22 <sup>nd</sup> August 2015
Board of Directors	12 <sup>th</sup> February 2018 (Amendment)
Board of Directors	14 <sup>th</sup> August 2021 (Amendment)
Board of Directors	05 <sup>th</sup> August 2024 (Amendment)

## 1) SCOPE AND PURPOSE OF THE POLICY

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. Considering the requirements for approval of Related Party Transactions as prescribed under the Companies Act, 2013 read with the Rules framed there under, as amended from time to time (“**Act**”) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, (“**SEBI LODR**”), **Phoenix Township Limited** “the Company”) has formulated guidelines for identification of related parties and the proper conduct and documentation of all Related Party Transactions.

Also, Regulation 23(1) of the SEBI LODR requires a company to formulate a policy on materiality of Related Party Transactions and dealing with Related Party Transactions “Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.” The said policy is required to include clear threshold limits approved by the Board and Pursuant to provisions of Section 177 (4) of the Companies Act, 2013, prior approval of Audit Committee shall be obtained for related party transactions as specified in Section 188 of the Companies Act, 2013.

In light of the above, **the Company** has framed this Policy on Related Party Transactions (“**Policy**”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board. In addition to the above, this Policy shall be reviewed by the Board of Directors at least once in three years.

## 2) OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the materiality thresholds for Related Party Transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the **Act**, **SEBI LODR** and any other laws and regulations as may be applicable to **the Company**.

### 3) DEFINITIONS

**“Act”** means The Companies Act, 2013, as amended from time to time.

**“Arms’ 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.

**“Board Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under provisions of applicable law and regulations.

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

**“Control”** includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner: Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position.

**'Associate Company'** shall have the meaning as defined under sub-section 6 of section 2 of the Companies Act 2013.

**“Key Managerial Personnel”** shall have the meaning as defined under sub- section 51 of section 2 of the Companies Act 2013.

**“Material Related Party Transaction”** means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company.

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 listed entity as per the last audited financial statements of the Company.

**“Policy”** means Related Party Transaction Policy.

“**Related Party**” shall have the meaning as defined in Regulation 2(1)(zb) of the SEBI LODR.

Words, terms and expressions used and not defined in these rules or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 but defined in the Act shall have the same meaning respectively assigned to them in the Act.

#### 4) **MATERIALITY THRESHOLDS**

Listing Regulations requires a company to provide materiality thresholds for transactions beyond which the shareholders’ approval will be required by way of a resolution. **Phoenix Township Limited** has fixed its materiality threshold as per Section 188 of the Companies Act, 2013 read with the Rules framed there under and Regulation 23 of the SEBI LODR as amended from time to time. The policy on materiality is as stated in **Annexure-A**.

As per Companies Act, 2013 – Where RPT as specified in Section 188 of the Companies Act, 2013 are not in ordinary course of business and are not on arms’ length basis, approval of Board is required. Further, prior approval of shareholders is required where such transactions exceeds the threshold limits specified in the Section 188 of Companies Act, 2013 & Rules thereunder (**Clear Threshold limits specified in Annexure A**).

#### 5) **MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS**

##### a) **Identification of Related Parties**

Before the start of each financial year, the Company shall draw up a list of Related Party(s) in accordance with the definition given in SEBI LODR. Any changes in the list during the financial year shall be made as and when the Company receives information in this regard.

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Indian Accounting Standard (Ind AS) 24, as amended from time to time.

##### b) **Identification of Related Party Transactions**

All Directors and Key Managerial Personnel are responsible for informing the Company of their interest (including their indirect interest) in other companies, firms, body corporate(s) or concerns at

the beginning of every financial year and any change in such interest during the year.

The Company has formulated guidelines for identification of Related Party Transactions in accordance with Section 188 of the Act and Ind AS 24 and SEBI LODR. The said guideline also includes guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company seeks external professional opinion, if necessary.

**c) Procedure for approval of Related Party Transactions**

**Approval of the Audit Committee**

All Related Party Transactions require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliance with the conditions stipulated under the Act read with the Rules framed thereunder and the SEBI LODR including the following:

- ❖ The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of repetitive transactions (either in the past or in the future);
- ❖ The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- ❖ The omnibus approval shall provide details of (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transactions, in aggregate, that can be entered into in a year, maximum value per transaction which can be allowed (ii) the indicative base price / current contracted price and the formula for variation in the price if any (for ex: +/- 5%), (iii) transactions which cannot be subject to the omnibus approval by the Audit Committee, if any and (iv) such other conditions as the Audit Committee may deem fit.
- ❖ However, in case of Related Party Transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed ₹ 1 crore per transaction;
- ❖ The 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;
- ❖ Such omnibus approval shall be valid for a period not

exceeding 1 financial year and shall require fresh approvals after the expiry of such financial year.

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:

- 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;
- Interest of any Related Party either directly or indirectly.
- 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 comparables, 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.
  - ❖ establishing comparable prices/terms using reputed data base or indices.
  - ❖ cost plus method

In case of transactions, other than transactions referred to in Section 188 of the Act and where the Audit Committee does not approve any transaction, it shall make its recommendation to the Board.

Approval or subsequent modification of a transaction (other than those transactions stipulated under Section 188 of the Act) with the Company's wholly-owned subsidiaries, shall not require approval of the Audit Committee.

➤ **Approval of the Board of Directors of the Company**

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section, which are not in the ordinary course of business or at arm's length basis, shall be placed before the Board for its approval. Such approval shall be granted only by means of a Resolution passed at a Meeting of the Board.

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;
- ❖ 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 Clause 4 of the Policy, which are intended to be placed before the shareholders for approval.

➤ **Approval of the Shareholders of the Company**

All the transactions with related parties, meeting the materiality thresholds as laid down in **Annexure-A**, are placed before the shareholders for approval.

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 or are not at arm's length basis; or (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time shall be placed before the shareholders for its approval.

For this purpose, no related party shall vote to approve such resolutions irrespective of whether the entity is a related party to the particular transaction or not.

Regulation 23 (5) (b) of the SEBI LODR and the Companies (Amendment) Act, 2015 provides that the requirement for seeking shareholders' approval shall not be applicable to transactions between the Company and its wholly-owned subsidiary/ies whose accounts are consolidated with the Company. Hence, no approval shall be sought from the shareholders' for such Related Party Transactions.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or the Board of Directors or Shareholders, as the case may be:

- Any transaction that involves the providing of compensation, if approved by the Board Nomination & Remuneration Committee, to a Director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
- Any scheme of loans/benefits availed by Key Managerial Personnel, which is applicable to all the employees of certain management level, which are as per the policy of Company.
- Transactions that have been approved by the Board under the specific provisions of the Act, e.g. inter-corporate deposits, borrowings, investments with or in wholly owned subsidiaries or other Related Parties;
- Payment of Dividend
- Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off, approved by the Board and carried out in accordance with the specific provisions of the Act, or SEBI LODR;
- Contribution towards Corporate Social Responsibility (CSR) within the overall limits approved by the Board that require approval of the CSR Committee



## 6) DISCLOSURES

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties,

- i. Details of contracts or arrangements or transactions which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.
  - ii. Details of contracts or arrangements or transactions which are at Arm's length basis, Details of Related Party Transactions during the quarter shall be disclosed in the Audit Committee Meeting.
- The Company shall also provide details of all Related Party Transactions meeting the, as required under Regulation 23(9) of the SEBI LODR, the Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, 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.

## 7) 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 of 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.

Further, in case any transaction (not being a specified transaction between the Company and its wholly owned subsidiary) involving any amount not exceeding ₹ 1 crore is entered into by a Director or Officer of the Company without obtaining the approval of the Audit Committee and which is not ratified by the Audit Committee within 3 months from the

date of the transaction, such transaction will be 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 concerned shall indemnify the Company against any loss incurred by it.

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 for the loss suffered by the Company 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.

Further, if any contract/arrangement is entered into by a Director or any other employee without obtaining the consent of the Board/shareholders (by a Resolution) under Section 188(1) of the Act, and if it is not ratified by the Board/shareholders, as the case may be, within 3 months from the date on which such contract/arrangement was entered into, such contract/arrangement shall be voidable at the option of the Board / shareholders, as the case may be, and if the contract/arrangement is with a related party to any Director, or is authorised by any other Director, the Director concerned shall indemnify the Company against any loss incurred by it.

Without prejudice to anything contained in Section 188(3) of the Act, it shall be open to the Company to proceed against a Director or any other employee who has entered into such contract or arrangement in contravention of the provisions of this section for recovery of any loss sustained by it as a result of such contract/ arrangement.

**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS**

**1. OBJECTIVE**

As per Section 188 of Company Act 2013 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, requires a company to inter alia formulate a policy on materiality of related party transactions (including clear threshold limits duly approved by the Board of Directors).

***THRESHOLD LIMITS FOR DETERMINING MATERIAL RELATED PARTY TRANSACTIONS***

<b>Nature of Transactions</b>	<b>Materiality threshold as per Companies Act, 2013</b>	<b>Materiality threshold as per Listing Regulations</b>
Sale, purchase or supply of any goods or materials directly or through appointment of agent#	Amounting to 10% or more of Turnover*	Transactions to be entered individually or taken together with previous transactions during a financial year with Related Party exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company
Buying, selling or otherwise disposing of property of any kind directly or through appointment of agent	Amounting to 10% or more of Net worth*	
Leasing of property of any kind	Amounting to 10% or more of the Turnover*	
Availing or rendering of any services directly or through appointment of agent	Amounting to 10% or more of the Turnover*	
Appointment of related party to any office or place of profit in the company, its subsidiary company or associate company	Monthly remuneration Exceeding Rs. 250,000	
Underwriting the subscription of any securities in or derivatives thereof of the Company	Exceeding 1% of net worth	
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.	Not Applicable	

a transaction involving payments made to a related party with respect to brand usage or royalty	Not Applicable	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 listed entity as per the last audited financial statements of the Company
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# The threshold limits shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

\* effective from November 19, 2019 as amended by Companies (Meetings of Board and its Powers) Second Amendment Rules, 2019.

## 2. MATERIALITY LIMITS

A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per last audited financial statements of the Company, or such other threshold as may be prescribed under SEBI LODR as amended from time to time.

Notwithstanding the above, 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, or such other threshold as may be prescribed under SEBI LODR as amended from time to time.

## 3. APPLICABILITY

All material related party transactions shall require 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.

## **AMENDMENTS:**

The Board may amend or modify this Policy in whole or in part, from time to time.

In case of any conflict between the provisions of this Policy and of Statutory Provisions shall prevail over this Policy. Any subsequent amendment/ modification in the Statutory Provisions shall automatically apply to this Policy and the Company Secretary of the Company is authorised to make necessary changes in accordance with the change in statutory provisions applicable to the Company.

**August 05, 2024**