

**POLICY ON MATERIALITY OF RELATED PARTY  
TRANSACTIONS AND DEALING WITH RELATED  
PARTY TRANSACTIONS OF REGAAL RESOURCES  
LIMITED DULY APPROVED IN ITS BOARD MEETING  
DATED 23<sup>RD</sup> MAY, 2023**

## 1. **INTRODUCTION AND BACKGROUND**

The Board of Directors of Regaal Resources Limited (“the Company”), has adopted this policy in terms of the Regulation 23(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations) and Section 188 of the Companies Act, 2013.

## 2. **DEFINITION**

- a) **“Act”** means Companies Act, 2013, as amended
- b) **“Associate Company”** in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence, and includes a joint venture company;
- c) **“Audit Committee” or “Committee”** means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of the Companies Act 2013,
- d) **“Board”** means Board of Directors of the Company;
- e) **“Independent Director”** means a Director of the Company, as appointed in terms of Section 149 of the Companies Act 2013 and who also qualifies as Independent Director in terms of the Regulations.
- f) **“Key Managerial Personnel” in relation to a company, means—**
  - (i) Chief Executive Officer or the Managing Director or Whole Time Director or Manager;
  - (ii) Company Secretary;
  - (iii) Chief Financial Officer; and
  - (iv) Such other officer of the Company as may be prescribed by the Ministry of Corporate Affairs (MCA) from time to time.
- g) **“Material Modifications”** in relation to a related party transaction shall mean any modification to an existing related party transaction having variance of amount exceeding 3% of turnover on a standalone basis as per last audited annual financial statements of the Company or such modification as may be decided by the Audit Committee
- h) **“Material Transaction”** as per the Regulations and Companies Act, 2013
  - (a) If the transaction / transactions to be entered into individually or taken together with previous transactions to be entered individually or to be taken together with previous transactions during a financial year, exceeds rupees one thousand crore or 10% of the Annual Consolidated Turnover of the Company as per the last audited financial statements of the Company whichever is lower.
  - (b) As per Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, relating to the threshold limits for determining the materiality of transaction (s).
- i) **“Regulations”** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
- j) **“Relative”** shall have the meaning as prescribed to it under the Act.
- k) **“Related Party”** A Related Party shall have the same meaning as defined under the Act.
- l) **“Related Party Transaction” or “RPT”** Related Party Transaction shall have the same meaning as defined under section 188(1) of the Act and applicable provision of the regulation.

## 3. **POLICY**

- a) All related party contracts / arrangements shall be entered on arms' length basis.
- b) In exceptional circumstances, where permitted by law, related party contracts arrangements may deviate from the principle of arm's length, after approval from the Audit Committee.
- c) All related party contracts / arrangements shall comply with the Companies Act, 2013.
- d) All related party contracts / arrangements shall comply with Accounting Standards.
- e) All domestic related party contracts / arrangements shall, wherever applicable, comply with other applicable laws.
- f) Committee is empowered to exercise all such powers which are permitted by the Act.

#### **4. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS AND SUBSEQUENT MATERIAL MODIFICATIONS**

All Related Party Transactions and subsequent material modifications to be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy. Only those members of the Audit Committee, who are independent directors, shall approve related party transactions.

##### **4.1 Identification of Related Parties**

Each Director and Key Managerial Personnel is responsible for providing notice to the Board & Audit Committee regarding persons and entities to be considered as "Related Party" by virtue of his/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 the first board meeting in every financial year and whenever there is any change in the disclosures already made.

##### **4.2 Identification of Related Party Transactions and/or Material modifications of Related Party Transactions**

Each Director and Key Managerial Personnel is responsible for providing notice to the Board & Audit Committee of any potential Related Party Transaction and/or material modifications of Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board & Audit Committee may reasonably request. The Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

##### **4.3 Approval Requirements for Related Party Transactions and subsequent material modifications**

All Related Party Transactions shall require prior approval of the Audit Committee. Further, all Material Related Party Transactions and subsequent material modifications shall require approval of the shareholders and the Related Parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not. A related party transaction to which the subsidiary of the Company is a party but Company is not a party, shall require prior approval of the Audit Committee/Board of the Subsidiary and Shareholders 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. All Related Party Transactions which are neither in the ordinary course of business nor at arm's length price require Board approval. Also the shareholders' approval is required if the value of such transaction exceeds the threshold limit given under the Companies Act 2013. All related party transaction from April 1, 2023 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.

#### **4.4 Review and Approval of Potential Related Party Transactions and material modifications of Related Party Transactions**

Potential Related Party Transactions and material modifications of Related Party Transactions shall be referred to the Audit Committee for review and approval. To review a Related Party Transaction and material modifications of Related Party Transactions, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are at arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- 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 Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director or other Related Party, the direct or indirect nature of the Director's, Key Managerial Personnel's or other Related Party's interest in the transaction, and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.
- If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for the Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

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

In case, there is any conflict between this policy and the applicable laws including clarifications etc., the matter shall be considered in view of the applicable laws including clarifications etc. In the case of Transactions which are frequent and regular in nature and are in the normal course of business of the Company, the Audit Committee may grant omnibus approval for such transactions, provided that the Audit Committee shall lay down criteria for granting such approval, the Committee shall satisfy itself of the need for such omnibus approval and it is in the interest of the Company, and such omnibus approval shall specify:

- The name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,

- The indicative base price / current contracted price and the formula for variation in the price if any and
- 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 their value not exceeding Rs.1 crore per transaction. Provided the Audit Committee lays down the criteria for granting the omnibus approval in line with the policy on related party transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature. 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 approvals shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year. The requirement of obtaining Audit Committee and shareholders' approval for related party transactions (as referred to under Regulation 23 (2) (3) and (4) of SEBI (LODR) Regulation, 2015 is exempted under following circumstances: -

- i) transactions entered into between two Government Companies;
- ii) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- iii) 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. "Government Company" shall have the same meaning as defined in Section 2(45) of the Companies Act, 2013."

##### **5. Committee / Board to seek details**

While reviewing any Related Party Transaction, the Committee and/or the Board shall be at liberty to call for more information/details/advise/opinion from the following persons:

- Any employee
- Internal Auditor
- Statutory Auditor
- Cost Auditor
- Secretarial Auditor
- Legal Advisor
- External Expert/Consultant

##### **6. Determination of Arm's Length Price**

The arm's length principle and the transfer pricing methodologies prescribed under the Indian Income-Tax Act, 1961 ('IT Act'), as amended as well as associated domestic and international guidance shall be referred to determine arm length price relating to all related party transactions.

##### **7. Reporting and Disclosures**

The Company shall comply with all reporting and disclosure requirements as may be prescribed from time to time in terms of applicable laws including the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The Company shall disclose this policy relating to Related Party Transactions on its website and a web link shall be provided in the Annual Report. This Policy will be communicated to all employees and other concerned persons of the Company and shall be placed on the website of

the Company.

The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time. Provided further that the Company shall make such disclosures every six months within fifteen days from the date of publication of its standalone and consolidated financial results. Provided further that the Company shall make such disclosures of every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023

**8. Amendment**

The Audit Committee of the Company shall review and may recommend amendments to this policy at least once in every three years and update accordingly, subject to the approval of the Board of Directors of the Company.

Any or all provisions of this policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

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