

RELATED PARTY TRANSACTION POLICY

1. PREAMBLE

Centrum Capital Limited (“the Company”) is a public listed company and seeks to uphold good standards of corporate governance and internal controls. Towards this, the Board of Directors (“the Board”) of the Company, acting upon recommendation of its Audit Committee (“the Committee”), has adopted the following policy and procedures with respect to Related Party Transactions (“RPTs”) of the Company.

The Related Party Transaction Policy (“the Policy”) is in conformance with the Company’s Code of Conduct for Business and Ethics which provides that all Directors and Senior Management Personnel are required to disclose all potential or actual conflict of interest and take action(s) to eliminate such conflict, if so required.

The Policy is in the best interests of the stakeholders of the Company and is in compliance with the requirements of the Companies Act, 2013, (“the Act”) and other applicable laws. Further, as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“the LODR”), a policy must be formulated to deal with RPTs and their materiality. The Policy details the mechanism to deal with RPTs.

The Board shall review the policy at least once in every three years and update the same from time to time and as may be deemed necessary pursuant to regulatory amendments.

2. DEFINITIONS

“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.

“Audit Committee or Committee” means, Committee of Board of Directors of the Company constituted under provisions of Listing Regulations and the Act.

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

“Key Managerial Personnel” means Key Managerial Personnel as defined in sub-section (51) of Section 2 of the Companies Act, 2013.

“Ordinary Course of Business” means, transactions that are necessary, normal and incidental to the business, the objects of the Company permit such activity, there is a historical practice and pattern of frequency (not an isolated transaction), has connection with the normal business carried on by the Company.

“Promoter” and “Promoter Group” shall have the same meaning as assigned to them respectively in clauses (oo) and (pp) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

“Related Party” shall have the meaning assigned to it under the LODR.

“Related Party Transaction (RPT)” shall have the meaning assigned to it under the LODR.

“Material Related Party Transaction” means a transaction with a related party, entered into 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

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 two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Material Modification in an RPT transaction” means any change in commercial terms of the contract or transaction that changes the value of the contract or transaction by more than 10% of the approved value or it changes the nature of the underlying transaction or INR 1 Crore whichever is lower.

“Relative” means, relative as defined under the Companies Act, 2013.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013, or Rules framed thereunder, SEBI (LODR), Regulations, 2015, shall have the meaning assigned to them therein.

1. The Companies Act, 2013, or the rules framed thereon;
2. Listing Regulations;
3. SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;

2. GENERAL GUIDELINES

All related party transactions and subsequent material modifications shall require prior approval of the Audit Committee.

The Accounts department shall refer all proposed RPTs to the Audit Committee for prior approval.

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

The Audit Committee shall ensure compliance with the following with respect to approving 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 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, 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 listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 are applicable to such listed subsidiary.

Note: 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.]

All Material RPTs and subsequent material modifications as may be defined by the Audit Committee shall require prior approval of the shareholders by an ordinary resolution. No Related Party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Prior approval of the shareholders of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the LODR are applicable to such listed subsidiary.

For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

The above provisions shall not be applicable in the following cases:

- 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.
- 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.

3. IDENTIFICATION OF RELATED PARTIES & RPTs

- Each Director and “KMP” shall promptly notify the Audit Committee of any material interest that such person or relative of such person had, has or may have in any transaction with the company, by providing notice to the Board or Audit Committee of any potential RPT together with additional information about the RPT that the Board or Audit Committee may reasonably request.
- The Company prefers that such notices were given well in advance, so that all stakeholders have adequate time to obtain and review information about the proposed RPT.
- The Company Secretary shall maintain and notify the operating team about Related Parties to enable them to identify potential RPTs.

4. REVIEW AND APPROVAL OF RPTS

- All RPTs shall be referred to the Audit Committee for its review and approval;
- The Audit Committee, in order to review a RPT, shall be provided with information about the RPT;
- Any member of the Audit Committee who has an interest in any RPT, shall recuse himself or herself and abstain from discussion and voting on the approval of such RPTs;
- Any member of the Board, who has an interest in any RPT, shall recuse himself or herself and abstain from discussion and voting on the approval of such RPTs;
- All Material Related Party Transactions shall require prior approval of the shareholders, based on recommendation of the Board, through an ordinary resolution passed at the general meeting. However, prior approval of the shareholders will not be required by the Company for transactions with its wholly-owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

Information to be reviewed by the Audit Committee for approval of RPTs

The Company shall provide the following information, for review of the Audit Committee for approval of a proposed RPT:

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - i) details of the source of funds in connection with the proposed transaction;
 - ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g. Justification as to why the RPT is in the interest of the Company;

- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- j. Any other information that may be relevant

Information to be provided to shareholders for consideration of RPTs

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- a. A summary of the information provided by the management of the Company to the Audit Committee;
- b. Justification for why the proposed transaction is in the interest of the Company;
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details of the same;
- d. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f. Any other information that may be relevant.

Criteria for approving RPTs

To evaluate an RPT for approval, the Audit Committee shall consider the following factors, among others, to the extent relevant to the RPT:

- Whether the terms of the RPT are fair and on 'arm's-length-basis' vis-à-vis the Company and the terms would be similar, if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any;
- Whether the RPT would affect the independence of an Independent Director;
- Whether the proposed RPT includes any potential reputational risk issues that may arise as a result of or in connection with the proposed RPT;
- Whether subsequent ratification of the proposed RPT is allowed and would be detrimental to the Company;
- Whether the RPT would present an improper conflict of interest for any director or KMP of the Company, taking into account the size of the transaction, the overall financial position of the director, KMP or other Related Party, the direct or indirect nature of the director's, KMP's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee deems relevant;
- If the Audit Committee determines that a RPT should be placed before the Board, or if the Board chooses to review any such RPT or it is mandatory under any law for the Board to approve the RPT, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification(s) as may be necessary or appropriate.

Omnibus Approvals by the Audit Committee

- The Audit Committee may choose to grant omnibus approval (“Omnibus Approval”) for a class of transactions which are repetitive in nature, as per the procedure specified for approving RPTs in this Policy. In addition to the criteria specified as above, the Audit Committee shall be required to specify in the Omnibus Approval:
 - 1) Name(s) of the Related Party, nature, period of transaction and maximum amount of the proposed RPTs;
 - 2) Indicative basis or formula for commercial terms; and
 - 3) Such other conditions as the Audit Committee may deem fit;
 - 4) In the event the need for a class of RPTs cannot be foreseen or the details specified in (1) to (2) above are not available, the Audit Committee may grant Omnibus Approval for such RPTs provided each transaction does not exceed Rs.1,00,00,000/- (Rupees One crore).
- Audit Committee shall review the details of actual RPTs entered into by the Company pursuant to each of the Omnibus Approvals on a quarterly basis.
- The Omnibus Approvals shall be valid for a period not exceeding one year and shall require fresh approvals from the Audit Committee after the expiry of 1 (one) year from the grant of each approval.
- The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

Other RPTs that do not require specific prior approval of the Audit Committee

Any transaction that involves compensation to Directors or KMPs in connection with his other 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 transaction arising out of Compromises, Arrangements and Amalgamations dealt with under specific provisions of the Act.
- Reimbursement of pre-incorporation expenses incurred by a Related Party as approved by the Board of Directors.
- Any other exception that is consistent with the Applicable Laws, including any rules or regulations made thereunder.

5. DISCLOSURES

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, and publish the same on its website.

The Company shall make such disclosures every six months within fifteen days from the date of publication of its standalone and consolidated financial results.

The Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results with effect from April 01, 2023.

6. APPLICABILITY

In the event any provision contained in this Policy is inconsistent with the provision contained in the Listing Regulations, Companies Act, 2013, or Accounting Standards, etc. or any amendments thereto, (Regulatory Acts), the provision contained in the Regulatory Acts shall prevail.

7. AMENDMENTS

This Policy may be amended by the Board, at any time and is subject to the

- a) amendments to the Act and
- b) further guidelines from the SEBI

Last review date of the policy – August 11, 2022