

PURAVANKARA LIMITED

CIN: L45200KA1986PLC051571

RELATED PARTY TRANSACTION POLICY

(Approved by Board of Directors on 14.02.2025)

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1. Objective of the Policy

This Policy is intended to guide the Company on timely identification of RPs and RPTs, the RPT approval process and related disclosure and reporting requirements and to ensure transparency in the conduct of RPTs, so that there is no conflict of interest.

The Board of the Company has adopted this Policy with respect to RPTs on the recommendation of the Audit Committee.

The Policy has been divided into two parts.

Part I of the Policy is formulated in accordance with Regulation 23 of the SEBI Regulations and Section 188 of the Companies Act 2013 and sets out the manner of dealing with the transactions between related parties and the materiality thresholds for RPT.

Part II of this Policy sets out the relevant definitions and terms used throughout the Policy.

2. Legal Framework

Regulation 23 of the SEBI Regulations imposes an obligation on the listed entities to formulate a policy on materiality of Related Party Transactions and on dealing with the Related Party Transactions. Based on the regulatory requirement, Puravankara has formulated and adopted this Policy on the recommendation of the Audit Committee to comply with the requirements of the SEBI Regulations read with the applicable provisions of the Companies Act, 2013.

3. Scope and Applicability of the Policy

This Policy shall apply to all transactions between Puravankara and / or its subsidiaries with their Related Parties.

4. Review and Amendments

The Audit Committee is empowered to review and recommend amendments to this Policy as may be considered necessary from time to time but at least once every three years. All amendments to this Policy as may be recommended by the Audit Committee would be subject to the Board's approval.

Furthermore, the Board may at any time amend this Policy either pursuant to any changes in applicable regulations or otherwise. 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, such amendment(s), clarification(s), circular(s), etc. shall prevail over the provisions of this Policy.

PART I

5. Manner of Dealing with Related Party Transactions

5.1 Identification of the Related Parties

The Company has formulated guidelines for identifying and updating the list of Related Parties as prescribed under Section 2(76) of Companies Act, 2013 and Regulation 2(1) (zb) of SEBI Regulations and also the methodology for continuous updation and periodic monitoring of the same. Please refer to the guidelines in Para 1 of Annexure 1 in this regard.

The Company shall also obtain a list of the Related Parties of the subsidiary companies as per the guidelines provided in this Policy or such amendment as might be introduced in the SEBI Regulations or Companies Act 2013.

5.2 Identification of the Related Party Transactions

The Company has formulated guidelines for identification of RPTs in accordance with Section 177, Section 188 of the Companies Act 2013 and Regulation 2(1)(zc) of the SEBI Regulations. The Company shall also determine whether its Transactions are undertaken in the Ordinary Course of Business and on Arm's Length Basis. Please refer to the guidelines in Para 2 of Annexure 1 in this regard

5.3 Approval mechanism for entering into Related Party Transactions

5.3.1 Approval by the Audit Committee

The Company shall follow the below described approval mechanism for any RPT:

- i. All RPTs, whether material or not, shall require the prior approval of the members of the Audit Committee. Any **subsequent material modifications** in the approved RPTs shall also require the prior approval of the Audit Committee.
- ii. 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;
- iii. With effect from 1st April, 2023, RPTs entered into by a subsidiary company of Puravankara to which Puravankara is not a party, shall also require the prior approval of the Audit Committee of Puravankara, if the value of the transaction whether entered or proposed to be entered individually or taken together with other transactions during a financial year by the subsidiary exceeds ten percent of the annual standalone turnover determined on the basis of the last audited financial statements of the subsidiary.

The prior approval of the Audit Committee of Puravankara shall not be required for the following transactions:

- if the RPT is proposed to be entered into by a **listed subsidiary company** of Puravankara where Puravankara is not a party to the transaction, if Regulation 23 and sub-regulation (2) of Regulation 15 of SEBI Regulations are applicable to such listed subsidiary company.
- remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key

managerial personnel or senior management, except who is part of promoter or promoter group, provided that the same is not material in terms of the provisions of sub-regulation 23 (1).

- iv. Only Members of the Audit Committee who are Independent Directors, shall approve the RPTs.
- v. The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:
 - the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
 - the transaction is not material in terms of the provisions of sub-regulation 23 (1);
 - rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
 - the details of ratification shall be disclosed along with the disclosures of related party
 - transactions in terms of the provisions of sub-regulation 23 (9);
 - any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction 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(s) concerned shall indemnify the listed entity against any loss incurred by it.”

Criteria to be considered by the Audit Committee for granting omnibus approval to RPT

Audit Committee may grant omnibus approval to the RPTs proposed to be entered into by the Company or its subsidiary taking into consideration the following aspects:

- a. the rationale and necessity for entering into such an RPT;
- b. whether any compelling business or commercial reasons or justification exist for the Company / the subsidiary of the Company to enter into the RPT and the availability, if any, of similar transactions between the Company / the subsidiary of the Company and unrelated counterparties or between two unrelated parties about the same time;
- c. whether the transaction is in the Ordinary Course of Business and on an Arm's length basis;
- d. whether the terms and provisions of the RPT, viewed in their totality, are fair and the transaction is at Arm's Length, that is to say, whether it is similar to a Transaction conducted as if between two unrelated parties, so that there is no conflict of interest;
- e. whether any special or unusual benefits, rights or privileges are extended or given to the Related Party by the Company/Subsidiary Company which would normally not feature in a similar transaction, were it to be entered into by the Company with an unrelated party or between two unrelated parties;
- f. whether the consideration / compensation to be paid to the Related Party under or pursuant to the transaction is, or can be regarded as being, commensurate with the obligations undertaken by such Related Party, and / or the scope of services provided by it thereunder;
- g. whether the transaction is unreasonably or unfairly weighted in favour of the related party vis-à-vis price, terms of credit and payment, interest payable or in any other manner or gives rise, or is likely to give rise, to any conflict of interest;
- h. Whether the RPT will or is likely to affect the independence of judgment of any of the independent Directors on the Board;
- i. whether the RPT is likely to give rise in any manner to a conflict of interest and duty for any Director or Key Managerial Personnel of the Company;
- j. whether the RPT would or is likely to give rise to any potential reputational risk for the Company

- and / or its Directors;
- k. any other aspects or factors that may be relevant or material in the opinion of the Committee.

Omnibus approval by the Audit Committee

- i. The Audit Committee may grant omnibus approval for transactions that the Committee is of the opinion are repetitive in nature and the transactions specifically do not require the approval of the Board / shareholders of Puravankara. The Audit Committee, while granting the approval should be satisfied with the need to provide such omnibus approval.
- ii. Any omnibus approval granted by the Audit Committee shall specify:
 - a. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
 - b. the indicative base price / current contracted price and the formula for variation in the price if any; and
 - c. such other conditions as the Audit Committee may deem fit.
- iii. The maximum value of the transactions, in aggregate, which shall be allowed under omnibus route in a year will be 25 % of the annual turnover of the Company.
- iv. For granting omnibus approval, if the Audit Committee cannot foresee the transactions in advance and the details mentioned above are not available, the Audit Committee may grant omnibus approval for such RPTs whose value does not exceed INR 1 crore per transaction,
- v. The omnibus approval for any RPTs shall be valid only for a period of one financial year and fresh approvals shall be granted after the expiry of the period of one financial year. Further, the Audit Committee shall review on a quarterly basis, the RPTs for which omnibus approval is granted, to ensure that the conditions subject to which the approval has been granted still hold good.

5.3.2 Approval by the Board of Directors of the Company

The Board will approve:

- i. all RPTs which are not undertaken on Arm's Length Basis and / or which are not in the Ordinary Course of Business.
- ii. all Material RPTs and subsequent Material Modifications thereto, before recommending them to the shareholders.

If any Director of Puravankara is interested in any contract or arrangement with a related party, such director shall not take part during the discussion of the subject matter of the resolution relating to such contract or arrangement.

Transactions in the 'Ordinary Course of Business' and 'On Arm's Length Basis'

The Company has formulated guidelines for determining whether a transaction can be said to be in the 'Ordinary course of business' and 'On arm's length basis'. Please refer to Para 3 and Para 4 respectively of Annexure 1 of this Policy.

Where the Company is required to obtain the prior approval of its Board of Directors for RPTs by a resolution at a meeting of the Board, the agenda of the Board meeting at which the resolution granting

consent is proposed to be moved, shall disclose the particulars regarding the transaction as per the Companies Act 2013.

5.3.3 Approval by the Shareholders of the Company

- i. All Material RPTs (whether or not they are entered into by the Company in the ordinary course of its business and are also on arm's length basis) and subsequent Material Modifications of any such transactions shall also require the approval of the shareholders of the Company at a general meeting of the Company by means of resolution.
- ii. All the Related Parties of the Company shall abstain from voting on such resolutions irrespective of whether they are related parties to the transaction or not.
- iii. All Material RPTs proposed to be entered into by the subsidiary company of Puravankara or any subsequent Material Modifications to such transactions, in which Puravankara is not a party shall also be required to be approved by the shareholders of Puravankara.

The approval of the shareholders shall not be required for any Material RPTs entered into by the listed subsidiary of Puravankara where Puravankara is not a party to the transaction if Regulation 23 and sub-regulation (2) of Regulation 15 of SEBI Regulations are applicable to such listed subsidiary company.

- iv. In addition to the above, the following RPTs shall also require prior approval of shareholders by a Resolution as per Section 188 of Companies Act 2013 although they may not be material RPTs as mentioned above:
 - a. Sale, purchase or supply of any goods or materials, directly or through an agent, amounting to 10% or more of the turnover of the Company;
 - b. Availing or rendering of any services, directly or through an agent, amounting to 10 % or more of the turnover of the Company;
 - c. Selling or otherwise disposing of, or buying, property of any kind, directly or through an agent, amounting to 10 % or more of the Net Worth of the Company
 - d. Leasing of property of any kind, amounting to 10% or more of the turnover of the Company;

A shareholder who is a Related Party to the transaction(s) as referred to in point 5.3.3 (iv) above, shall not vote on such resolution(s) for approval of the above transactions.

5.4 Exemptions

RPTs entered into between the Company and its wholly owned subsidiary (other than transactions referred to in Section 188 of the Companies Act 2013) or RPTs entered into between two wholly – owned subsidiaries, whose accounts are consolidated with the Company and placed before the shareholders for such approval at the general meeting), would not require any approval of the Audit Committee or the shareholders of the Company. Also, transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.

5.5 RPTs not approved under this Policy

Subject to and without prejudice to the obligation to procure prior approvals under this Policy, in the event of an RPT being entered into without the prior approvals under this Policy, the matter shall be reviewed by the Audit Committee. Such a transaction shall not be deemed to be void or invalid or unenforceable ab-initio.

The Audit Committee shall consider all the relevant facts and circumstances regarding the RPT and shall evaluate all options available to the Company, including ratification, revision or termination of the RPT.

Where ratification is proposed, the RPT shall be ratified by the Audit Committee / Board / Shareholders, where applicable, within 3 months of commencement of the RPT.

In any case, where the Audit Committee / Board / Shareholders (as applicable) do not ratify an RPT that has been commenced without prior approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, seeking indemnification for the Company, etc.

5.6 Disclosures

This Policy shall be placed on the website of the Company.

Appropriate disclosures as required under the Companies Act 2013, SEBI Regulations and applicable Accounting Standards shall be made in the Annual Report, Board's Report, to the Stock Exchanges and in the financial statements of the Company.

Provided that the remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure under sub-regulation 23 (9) provided that the same is not material in terms of the provisions of sub-regulation (1) of Regulation 23.

PART II

Definitions:

1. **"Companies Act, 2013"** means the Companies Act, 2013 and rules made thereunder, as amended from time to time.
2. **"Accounting Standards"** shall mean the Accounting Standards issued by Institute of Chartered Accountants of India from time to time.
3. **"Arm's Length Transaction"** has been defined in paragraph 4 of Annexure 1 to this Policy.
4. **"Audit Committee / Committee"** means the Audit Committee constituted by the Board of the Company from time to time as per the provisions of Section 177 of the Companies Act 2013 and Regulation 18 of SEBI Regulations.
5. **"Board of Directors" or "Board"** means the Board of Directors of the Company, as constituted from time to time.

6. **“Company”** or **“Puravankara”** means Puravankara Limited.
7. **“Control”** shall mean shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
8. **Key Managerial Personnel” – Section 2(51) in relation to a Company, means –**
- i. the Chief Executive Officer or the managing director or the manager;
 - ii. the company secretary;
 - iii. the whole-time director;
 - iv. the Chief Financial Officer;
 - v. such other officer, not more than one level below the directors, who is in whole-time employment, designated as key managerial personnel by the Board; and
 - vi. such other officer as may be prescribed
9. **“SEBI Regulations”** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
10. **“Material RPT”** means a transaction with a Related Party where the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds INR 1,000 Crores or ten (10) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, 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 five (5) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
11. **“Material Modification”** to a Related Party Transaction shall mean any one or more of the following:
- i. A variance of 20% in the existing value of the transaction or INR 10 crores whichever is lower; or
 - ii. A significant change in the tenure of the contract / transaction; or
 - iii. Modification resulting in the RPT no longer meeting the arm’s length principle or Ordinary Course of Business test; or
 - iv. Any other change in the terms and conditions of the contract/ transaction considered as material by the Audit Committee.
12. **“Ordinary Course of Business”** has been defined in Para 3 of Annexure 1 to this Policy.
13. **“Policy”** shall mean this Related Party Transaction Policy.
14. **“Related Party”** shall include the following persons/ entities and shall be considered as “Related Party” to the Company / its subsidiaries:
- i. a related party in terms of Section 2(76) of Companies Act 2013; or

- ii. a related party under the applicable accounting standards; or
- iii. a party that forms part of the promoter or promoter group of the company; or
- iv. a party that holds equity shares to the extent of 10% or more at any time during the immediately preceding financial year in the company, either directly or on a beneficial interest basis as provided under Section 89 of Companies Act 2013

Section 2(76) defines a ‘related party’, with reference to the Company, to mean

- i. a director or his relative;
- ii. key managerial personnel or his relative;
- iii. a firm, in which a director, manager or his relative is his partner;
- iv. a private company in which a director or manager, or his relative is a member or director;
- v. a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- vi. anybody corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- vii. any person on whose advice, direction or instructions a director or manager is accustomed to act;

Provided that nothing in (vi) and (vii) above shall apply to the advice, directions or instructions given in a professional capacity:

viii. Any body corporate which is—

- a) holding, subsidiary or an associate company of such company; or
- b) a subsidiary of a holding company to which it is also a subsidiary; or
- c) an investing company or venturer of the company;

Explanation — For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

- viii. a director other than independent director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.

Section 2(77) (read with the Rule 4 of the Companies (Specifications of Definitions Details) Rules, 2014 defines Relative to mean anyone who is related to another, if:

- i. they are members of a Hindu Undivided Family
- ii. they are husband and wife;
- iii. father including stepfather
- iv. mother including stepmother
- v. son including stepson
- vi. son’s wife (which would also include stepson’s wife)
- vii. daughter

- viii. daughter's husband including
- ix. brother including stepbrother
- x. sister including stepsister

“Related Parties” as per Indian Accounting Standard (IND AS) 24:

A related party is a person or entity that is related to the Company that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

- i. A person or a close member of that person's family is related to a reporting entity if that person:
 - a) has control or joint control over the reporting entity;
 - b) has significant influence over the reporting entity; or
 - c) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- ii. An entity is related to a reporting entity if any of the following conditions applies:
 - a) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - c) Both entities are joint ventures of the same third party.
 - d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - e) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - f) The entity is controlled or jointly controlled by a person identified in (a).
 - g) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Related Party Transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Close members of the family of a person are the persons specified within meaning of 'relative' under the Companies Act 2013 and that person's domestic partner, children of that person's domestic partner and dependents of that person's domestic partner.

Compensation includes all employee benefits (as defined in Ind AS 19 Employee Benefits) including employee benefits to which Ind AS 102 Share-based Payments applies. Employee benefits are all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered to the entity. It also includes such consideration paid on behalf of a parent of the entity in respect of the entity. Compensation includes:

- i. short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidized goods or services) for current employees;
- ii. post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care;
- iii. other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensation;
- iv. termination benefits; and
- v. share-based payment.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the contractually agreed sharing of control over an economic activity.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. Significant influence may be gained by share ownership, statute or agreement.

15. “Related Party Transaction” or “Transaction with a Related Party” or “RPT” shall mean any transaction involving transfer of resources, services or obligations, regardless of whether a price is charged or not, between:

- i. the Company or any of its subsidiaries on one hand and a Related Party of the Company or any of its subsidiaries on the other hand; or
- ii. the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries, (with effect from April 1, 2023);

However, the following transactions shall not be considered as Related Party Transaction for the purpose of this policy:

- i. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as modified or substituted from time to time;
- ii. the following corporate actions initiated which are uniformly applicable/ offered to all its shareholders in proportion to their shareholding in the Company:
 - a) payment of dividend;

- b) sub-division or consolidation of securities;
 - c) issuance of securities by way of a rights issue or a bonus issue; and
 - d) buy back of securities
- iii. retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.”

16. “Transaction” with a Related Party shall be construed to include a single transaction or a group of transactions in a contract.

Annexure 1

GUIDELINES REFERRED TO IN THE POLICY IN RESPECT OF RELATED PARTY TRANSACTIONS

1. IDENTIFICATION OF RELATED PARTY:

Considering the wide coverage of Related Parties in Companies Act 2013 and the Regulation 23 of SEBI Regulations, guidelines have been formulated for identification and monitoring of Related Parties and the Company has put in place processes for identification and execution of such Related Party Transactions.

The Related Parties with respect to the Company, may be identified on the basis of disclosures made by Directors and their Relatives, and other information available with the Company, at different stages.

1.1 Disclosures of interest by Director / Key Management Personnel (KMP)

- i. Section 184 of Companies Act 2013 requires every director to disclose his / her concern or interest in any company/ies, bodies corporate, firms or other association of individuals, which shall include the shareholding, by giving a notice in writing in Form MBP- 1 as provided in the Act, at the first meeting of the board in which he / she participates as a director and thereafter at the first meeting of the board in every financial year, as well as whenever there is any change in such concern or interest.
- ii. In addition to Form MBP-1, every director should give information of his / her relatives in the format given in Schedule 2 to these Guidelines, at the beginning of every financial year, as well as whenever there is any change in such concern or interest.
- iii. Every Director and KMP shall also disclose his / her concern/interest and that of his / her relatives in the format given in Schedule 1 to these Guidelines at the beginning of every financial year, as well as whenever there is any change in such concern or interest.

1.2 Responsibilities for Disclosures and Frequency thereof

It is the responsibility of the Directors and KMPs of the Company, its holding companies and its subsidiary companies and associate companies to disclose details of their associations which fall within the ambit of 'Related Party' The Company has defined a responsibility framework for disclosure of interest by such personnel. Suggested responsibilities for identification are tabulated below for reference.

Disclosure to be made by /Checks to be Recommended	Responsibility for Compilation	Recommended Frequency
Directors and KMPs of the Company	Company Secretary of the Company	Quarterly disclosures may be obtained within 7 days from the end of each quarter apart from event-based changes to be communicated, which needs to be disclosed within 15 days of such change.

Directors and KMPs of the holding company	Company Secretary to coordinate with company secretary of the holding company to obtain the details regarding the Directors and KMPs of the holding company	Quarterly yearly statements of details may be obtained from the company secretary of the immediate holding company within 7 days from the end of each quarter, apart from event- based changes, which need to be disclosed and within 15 days of such change.
Structure of the Company and investments made in / by the Company	CFO / Company Secretary to review structure of the Company for identification of associates, subsidiaries, fellow subsidiaries, joint ventures and Related Parties by virtue of holdings or investments made by the Company in other companies or firms or holdings / investments made by other companies in the Company	Annual statement to be prepared by the CFO / Company Secretary, apart from event- based changes, which need to be updated immediately upon such change.

For ease of administration, the details of interest required from the Directors and KMP or the template may be made a part of their appointment/induction formalities.

i. Creation of Database of Related Parties

The Company Secretary shall be responsible for compilation of the list of Related Parties and its periodic updation based on the information furnished by the Directors and KMPs and to maintain an updated database of information pertaining to Related Parties reflecting details of –

- a) All Directors and Key Managerial Personnel and their Relatives;
- b) Interest in other entities as declared and updated by Directors and Key Managerial Personnel;
- c) Company's holding company, subsidiary companies and associate companies;
- d) Subsidiaries of holding company;
- e) Director or Key Managerial Personnel of the holding company;
- f) All Group entities; and
- g) Any other entity which is a Related Party as defined under section 2(76) of the Companies Act, 2013 read with Regulation 23 of SEBI Regulations or the relevant Accounting Standards.

ii. Vendor / Customer master

All parties which are identified as Related Party should be flagged separately, in the vendor / customer master maintained in the Company's ERP. All existing and new customers / vendors which are Related Parties will also be flagged post completion of the initial identification activity.

iii. Monitoring

The Company has instituted an appropriate process for periodic monitoring of disclosures made with respect to 'Related Party' and compliance with the obligations commensurate with the size and nature of its operations. Such process may include:

- a) Periodic validation by the management
- b) Independent validation and check by an internal auditor/secretarial auditor appointed with specific terms of reference in this regard.

2. STAGES OF IDENTIFICATION OF RELATED PARTY TRANSACTION:

Every Director and Key Managerial Personnel will be responsible for providing prior notice to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Board / Audit Committee may request, for being placed before the Committee and the Board.

The Company Secretary in consultation with the Chief Financial Officer may refer any potential Related Party Transaction to any external legal / transfer pricing expert for determining whether the Related Party Transaction is at Arm's Length Basis and in the Ordinary Course of Business and the outcome or opinion of such exercise shall be brought to the notice of the Audit Committee. Based on this notice, the Company Secretary will take it up for necessary approvals under this Policy.

3. MEANING OF 'ORDINARY COURSE OF BUSINESS'

As per Black's Law Dictionary

- The transaction of businesses according to the usages and customs of the commercial world generally or of the particular community or (in some cases) of the particular individual whose acts are under consideration.
- The normal routine in managing a trade or business

As per decided Case laws by judicial authorities

- Whether a particular act done is in the course of business or not is really a question of fact and that must be determined according to the evidence led and the circumstances of the case. It must be found as to whether the particular act has any connection with the normal business that the company is carrying on and whether it is so related to the business of the company that it can be considered to be performed in the ordinary course of the business of that company.
- In deciding whether a particular transaction is one which took place in the ordinary course of business or not, it has been held in several decisions that a stray or casual transaction would not amount to a transaction done in the ordinary course of business.
- Expression 'in the ordinary course of business' means in the ordinary course of a professional avocation or current routine of business which was usually followed by the person whose declaration it is sought to be introduced.
- To regard an activity as business there must be a course of dealings, either actually continued or contemplated to be continued with a profit motive, and not for sport or pleasure.
- Whether a person carries on business in a particular commodity must depend upon the volume, frequency, continuity and regularity of transactions of purchase and sale in a class of goods and the transactions must ordinarily be entered into with a profit motive.
- The expression "usual course of business" is also found in certain sections of some Acts. These expressions are not statutorily defined in any one of these Acts, but there can be no doubt that they all indicate and imply uniformity of dealings, a certain degree of routine in business practice.
- The expression "statement made in the ordinary course of business" means a statement made during the course not of any particular transaction of an exceptional kind, but of business or professional employment in which the deceased was ordinarily and habitually engaged.

Therefore, Ordinary Course of Business shall mean a situation where a transaction:

- a. Is carried out in the normal course of business envisaged in accordance with the Memorandum of Association (MoA) of the Company as amended from time to time; or
- b. Represents a business activity where the income, if any, earned from such activity is treated as business income in the Company's books of accounts, or common commercial practice or industry practice, even though the Company may have not done so in the past; or
- c. Is frequent or repetitive or carried out historically by the Company; or
- d. Meets any other parameters / criteria as decided by the Board or the Audit Committee.

Individually, none of the above parameters can by themselves, trigger a conclusion on a transaction being in the Ordinary Course of Business. A conclusion must be reached after considering multiple parameters. The interpretation of Ordinary Course of Business needs to be contextual, basis the nature of the activity and its relevance in the overall context of the Company's businesses.

4. MEANING OF ARM'S LENGTH TRANSACTION:

The primary objective of the Act is to avoid a conflict of interest.

The Act does not prescribe Rules, approach or methodology for determining whether a transaction is an Arm's Length Transaction.

However, the explanation given in section 188 of Companies Act 2013 provides that 'arm's 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. Therefore, whether the transaction is on 'arm's length basis or not has to be determined by examining the totality of all terms and conditions of every such transaction on a case-to-case basis.

A reference to the provisions on Arm's Length Transactions in the Income Tax Act, 1961 and the Rules made thereunder may also provide guidance as to whether a transaction was entered into on an arm's length basis.

- i. Section 92C of the Income Tax Act, 1961 read with Rule 10B of the Income Tax Rules provides that the arm's length price in relation to an international transaction or specified domestic transaction is to be determined by any of the following methods, namely:
 - a. Comparable uncontrolled price method;
 - b. Resale price method;
 - c. Cost plus method;
 - d. Profit split method;
 - e. Transactional net margin method; and
 - f. Such other method as may be prescribed by the Board
- ii. Further, Rule 10AB of the Income Tax Rules provides for the purposes of clause (f) of sub-section (1) of section 92C, the other method for determination of the arm's length price in relation to an international transaction or a specified domestic transaction shall be any method which takes into account the price which has been charged or paid, or would have been charged or paid for the same or similar uncontrolled transaction, with or between non-associated enterprises, under similar circumstances, considering all the relevant facts.

- iii. For determining the arm's length basis, with respect to a transaction, apart from price/ cost, other terms and conditions such as tenure, credit period, payment terms, etc. are also to be considered.
- iv. Apart from validating the arm's length basis at the time of onboarding, a periodic activity (once a year) should be carried out by the finance team / Company Secretary to ensure that arm's length basis is continuing to exist as per the methodology provided above.

SCHEDULE 1

NOTICE OF INTEREST BY DIRECTOR / KEY MANAGERIAL PERSONNEL

To
The Company Secretary/Compliance Officer
Puravnakara Limited

Dear Sir,

A. I, _____, son/daughter/spouse of _____ resident of _____ holding _____ Equity/Preference Shares of Rs. ___/- each (percent of the paid-up Capital) in the Company in my name, being a _____ in the Company, hereby give notice that I am interested directly / through my Relatives (Schedule 2) in the following company or companies, body corporate, firms or other association of individuals:

Sr. No.	Name of the Companies / Bodies Corporate / Firms of association of individuals	Nature of Interest or concern/ Change in Interest or Concern	Shareholding	Date on which interest or concern arose / changed

B. The following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions.

Sr. No.	Name of the Body Corporate

C. I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity).

Sr. No.	Name of Person	Relation

Signature:
Name:
Designation:

Place:
Date:

SCHEDULE 2

FORMAT FOR DISCLOSURE OF DETAILS OF RELATIVES

Name of the person:

Sl. No.	Name of Relative	Relationship	Occupation of Relative	PAN Number/ other identifications	Entities in which the relative is a proprietor/partner or Member/Director of a Private Company	Entities in which the Director together with his relative(s) holds more than 2% of the paid-up share capital of a public limited company of which the director is also a director.
1.						
2.						

Date:

Signature: