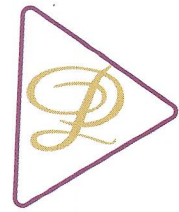


PATEL RETAIL LIMITED

(FORMERLY KNOWN AS PATEL RETAIL PRIVATE LIMITED)

Regd. & Corporate Office :
Plot No. M-2, Udyog Bhavan No.5, Anand Nagar,
Additional M.I.D.C., Ambarnath (E) - 421 506,
Mumbai, Maharashtra, India.
0251 2620199/2628400
www.patelrpl.in | E-mail : patelretailpvtltd@gmail.com
CIN: U52100MH2007PLC171625



PATEL RETAIL LIMITED
TRUST & TOGETHERNESS

POLICY ON RELATED PARTY TRANSACTIONS (Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

1. BACKGROUND

Regulation 23(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) mandates a listed entity to formulate a policy on materiality of related party transactions and on dealing with related party transactions. In light of the aforesaid, Patel Retail Limited (“**Company**”) has framed the Policy on Related Party Transactions (“**Policy**”). This Policy has been adopted by the Board of Directors (“**Board**”) of the Company in their meeting held on Saturday 30th December 2023, based on the recommendation of the Audit Committee.

This Policy aims at (a) determination of materiality thresholds; (b) setting proper guidelines for identification of related parties and (c) ensuring proper approval and reporting of transactions between the Company and its related parties.

2. DEFINITIONS

- (a) “**Act**” means the Companies Act, 2013 together with the rules notified thereunder, as amended from time to time;
- (b) “**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.
- (c) “**Audit Committee or Committee**” means the committee of the board of directors of the Company constituted in accordance with provisions of the SEBI Listing Regulations and the Act;
- (d) “**Board**” means the Board of Directors of the Company;
- (e) “**Key Managerial Personnel**” (“**KMP**”) means key managerial personnel as defined under section 2(51) of the Act;
- (f) “**Material Modification**” means:
 - (i) means and includes any modification to an existing related party transaction having a variance of 20% of the existing limit as sanctioned by the Audit Committee / Board of Directors / Shareholders of the Company
 - (ii) any change in the essential terms and conditions of the transactions, as approved by the Audit Committee / Shareholders, as the case may be and elaborated in clause 3.3.3(ii) below.

- (g) **“Material Related Party Transaction”** means a material transaction with a related party as provided in the explanation under regulation 23(1) and 23(1A) of the SEBI Listing Regulations which reads as under:

Regulation 23(1) provides that:

“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 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.”

Regulation 23(1A) inter-alia provides that:

“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 listed entity as per the last audited financial statements of the listed entity”.

- (h) **“Ordinary Course of Business”**

with reference to a transaction with a related party means a transaction which is:

- (i) carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time;
- (ii) whether the activity is in furtherance of business
- (iii) whether the activity is repetitive and frequent
- (iv) historical practice with a pattern of frequency;
- (v) common commercial practice; or
- (vi) meets any other parameters / criteria as decided by the Board/Audit Committee, from time to time.

- (i) **“Related Party”** means a related party as defined under Regulation 2(1)(zb) of the SEBI Listing Regulations (as amended from time to time).

- (j) **“Related Party Transaction” (“RPT”)** means a transaction involving a transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity 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 listed entity or any of its subsidiaries, with effect from April 1, 2023; 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:

Provided that the following shall not be a related party transaction:

- (a) 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;
- (b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;

iii. issuance of securities by way of a rights issue or a bonus issue; and
iv. buy - back of securities.

(c) acceptance of fixed deposits by banks/Non - Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board.

(k) “**Relative**” with reference to a director or a Key Managerial Personnel means persons defined under Section 2(77) of the Companies Act read with amendments issued from time to time.

Unless the context otherwise requires, the words and expressions used in this Policy, and not defined herein, but defined in the Act or the SEBI Listing Regulations, shall have the meaning as assigned to them in the Act or SEBI Listing Regulations.

3. POLICY

3.1 *Materiality Thresholds*

- (i) The Board has, in accordance with the SEBI Listing Regulations, determined that a transaction with a Related Party shall be considered as material if the transaction to be entered into individually or taken together with previous transactions during a financial year exceeds Rs. 1,000 (Rupees one thousand) crore or ten percent (10%) of the annual consolidated turnover as per the last audited financial statements of the Company, *whichever is lower*.
- (ii) 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 the previous transactions during a financial year exceeds five percent (5%) of annual consolidated turnover as per the last audited financial statements of the Company.

3.2 *Periodic identification of Related Parties*

- (i) Related Parties shall be identified as per the definitions provided under the Act and the SEBI Listing Regulations, as amended from time to time. Each director and KMP is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him/her or his/her relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Upon receipt of such notice, the Chief Financial Officer (“**CFO**”) is authorised to determine whether the transaction does, in fact, constitute a RPT.
- (ii) The CFO will be responsible for keeping a record of all Related Parties of the Company and the transactions with all Related Parties at all times.
- (iii) Each director and KMP of the Company shall be required to inform the CFO, of any change in the information previously provided on the list of Related Parties, from time to time.
- (iv) The notice of any potential RPT shall be given well in advance to the Board/ Audit Committee and shall also contain adequate information about the RPT(s). This will

provide the Board/Audit Committee members adequate time and information to consider and review the proposed transaction(s).

- (v) As regards transactions with Related Parties requiring prior approval of the Audit Committee / Board, the CFO shall be responsible to notify the Audit Committee / Board of any such potential RPTs.

3.3 *Approvals for transactions with Related Parties*

3.3.1 *Approval of Audit Committee*

- (i) All RPTs (including material RPTs) and subsequent Material Modification(s) shall require '*prior approval*' of Audit Committee. The Audit Committee shall consider all relevant factors before granting its approval to the proposed transaction.
- (ii) Only Independent Directors, being members of the Audit Committee are empowered to approve RPTs.
- (iii) A RPT to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Company's Audit Committee, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten percent (10%) of the annual standalone turnover, as per the last audited financial statements of the Company's subsidiary.
- (iv) The Audit Committee may grant omnibus approval for RPTs, subject to compliances set out in regulation 23(3) of the SEBI Listing Regulations. Omnibus approval shall apply to transactions which are repetitive in nature and the Audit Committee shall satisfy itself regarding the need for such approval. Further, the Audit Committee shall review on a quarterly basis, the details of RPTs entered into by the Company pursuant to omnibus approvals given. Omnibus approvals given by the Company shall be valid for one (1) year and shall require fresh approvals after expiry of one (1) year.
- (v) Where the need for RPT cannot be foreseen and certain details as required under the SEBI Listing Regulations are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.
- (vi) The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

The Audit Committee shall consider the following factors while deliberating the related party transactions for its approval:

- (i) Name of party and details explaining nature of relationship;
- (ii) Duration of the contract and particulars of the contract and arrangement;

- (iii) Nature of transaction and material terms thereof including the value, if any;
- (iv) Manner of determining the pricing to ascertain whether the same is on arm's length;
- (v) Business rationale for entering into such transaction; and
- (vi) Any other information relevant or important for the Board to take a decision on the proposed transaction

In determining whether to approve a Related Party Transaction, the Audit Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- (i) Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- (ii) Whether there are any compelling business reasons / rationale for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- (iii) Whether the Related Party Transaction would affect the independence of an independent director;
- (iv) Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- (v) 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
- (vi) 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, Executive Officer 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.

3.3.2 *Approval of the Board*

Following RPTs shall require the '*prior approval*' of the Board:

- (i) Transactions specified in section 188(1) of the Act, which are not in the Ordinary Course of Business and/or are not on arm's length basis;
- (ii) Material RPTs, proposed to be approved by the shareholders of the Company;
- (iii) Any other transaction, which in the opinion of the Audit Committee should be approved by the Board or where the Board is of opinion that the same should be approved by the Board.

Any director having a potential interest in the proposed transaction, will recuse himself, and abstain from discussion, and voting, on the proposal for approval of the said RPT.

3.3.3 Approval of the shareholders

- (i) All material RPTs and subsequent Material Modifications to the RPTs shall require 'prior approval' of the shareholders through resolution passed at the general meeting of the Company and no Related Party shall vote to approve such resolution whether the Company is a party to the particular transaction or not.
- (ii) Further, RPTs exceeding the following threshold limits as prescribed under the Act, which are not in the Ordinary Course of Business and not an Arm's Length Transaction, shall require prior approval of the shareholders as under:

| Sr. No. | Type of contract / arrangement with Related Party | Limits in excess, requiring shareholders' approval |
|--|--|--|
| 1 | Sale, purchase or supply of any goods or materials, directly or through appointment of agent | Equal to or exceeding ten percent (10%) of the Company's turnover |
| 2 | Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent | Equal to or exceeding ten percent (10%) of the Company's net worth |
| 3 | Leasing of property of any kind | Equal to or exceeding ten percent (10%) of the Company's turnover |
| 4 | Availing or rendering of any services, directly or through appointment of agent | Equal to or exceeding ten percent (10%) of the Company's turnover |
| 5 | Appointment to any office or place of profit in the Company, its subsidiary or associate company | Monthly remuneration exceeds Rs. 2,50,000/- |
| 6 | Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company | Exceeding one percent (1%) of the net worth |
| <p>Note: The turnover or net worth shall be computed on the basis of audited financial statements of the preceding financial year; Limits specified in points (1) to (4) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.</p> | | |

3.3.4 Disclosure and reporting

The Company shall ensure that the following disclosures are made:

- (i) **Board report-** Particulars of contracts or arrangements with Related Parties;
- (ii) **Corporate governance report (forming part of the annual report)-** Details of all Material Related Party Transactions that may have a potential conflict with the interests of the Company at large;

(iii) **Website and annual report-** This policy shall be disclosed on the Company's website and in the annual report.

(iv) The Company shall provide information, as prescribed in the SEBI circular dated November 22, 2021 bearing reference number SEBI/HO/CFD/CMD1/CIR/P/2021/662) for review of the Audit Committee. Further, the aforesaid information shall also be provided to the shareholders for their consideration.

(v) The Company shall disclose to the stock exchanges, disclosures of RPTs in the format specified by SEBI and publish the same on its website in the following manner:

| Sr. No. | Provision effective date | Compliance | Timeline of disclosure |
|---------|--------------------------|---|---|
| 1 | April 1, 2023 | Disclosure of RPTs to stock exchanges in SEBI prescribed format | Every six (6) months- <i>on the date of publication of standalone and consolidated financial results</i> |

4. REVIEW OF THE POLICY

Any modification / amendment of the applicable laws (Act and the SEBI Listing Regulations, relevant circulars) in this regard, shall automatically apply to this Policy.

5. QUERIES AND CLARIFICATION

The Chief Financial Officer and/or the Company Secretary and Compliance Officer of the Company can be contacted, in case of any doubts or clarifications as regards this Policy.
