



RDB REAL ESTATE CONSTRUCTIONS LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. INTRODUCTION

The Policy on Related Party Transactions was approved by the Board of Directors at their Meeting held on 18th December, 2024, and shall be effective from date of listing of Equity Shares on stock exchange(s).

The related party transactions are regulated by the Companies Act, 2013, the Rules framed thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In case any provisions of the Policy are contrary to or inconsistent with the provisions of Relevant Laws, the provisions of Relevant Laws shall prevail.

2. DEFINITIONS

In this Policy, unless the context otherwise requires:

- 2.1. “Act”** means the Companies Act, 2013 including any statutory modification or re-enactment thereof;
- 2.2. “Audit Committee”** means the committee of Board of Directors constituted in pursuance of Section 177 of the Act and Regulation 18 of Listing Regulations;
- 2.3. “Board”** means the Board of Directors of the Company as constituted from time to time;
- 2.4. “Company”** means RDB Real Estate Constructions Limited;
- 2.5. “Key Managerial Personnel”** means the person(s) appointed as such in pursuance of Section 203 read with Section 2(51) of the Act;
- 2.6. “Internal Auditor”** means internal auditor of the Company appointed in pursuance of Section 138 of the Act and Rules framed thereunder;
- 2.7. “Listing Regulations”** means the Securities and Exchange Board of India “SEBI” (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or replaced from time to time;
- 2.8. “Promoter” and “Promoter Group”** shall have the respective meanings as assigned to them in the Listing Regulations;
- 2.9. “Related Party”**, with reference to the Company, means a related party as defined under Section 2(76) of the Act or under the applicable accounting standards and it shall include any person or entity belonging to Promoter or Promoter Group of the Company and holding 20% or more of shareholding in the Company, or any person or any entity, holding equity shares of ten per cent or more in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;
- 2.10. “Related Party Transaction”** shall mean a transaction between the Company and a Related Party under the provisions of the Listing Regulations and/or the Act read with the Rules framed thereunder;
- 2.11. “Relevant Laws”** means the Act, the Rules and Listing Regulations;

- 2.12. “Rules”** means the Rules framed under the Act, as amended from time to time;
- 2.13. “Regulation 23”** means Regulation No. 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;
- 2.14. “Specified RPT”** shall have the meaning as ascribed to it in Clause 3.3.7 hereof.

3. PROCEDURE

3.1. Identification of Related Parties

On the basis of the disclosures made by Directors and Key Managerial Personnel and considering the applicable provisions under the Relevant Laws, the Company shall maintain an updated list of Related Parties.

3.2. Material Related Party Transaction

A Related Party Transaction shall be considered material if the transaction or transactions to be entered into individually or taken together with previous transactions during a financial year, exceed 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.

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 transaction(s) during a financial year, exceed five per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

3.3 “Material Modifications to Related Party Transaction” shall mean any modification made in the value/exposure of any ongoing or proposed Related Party Transactions, as originally approved by the Audit Committee and/or shareholders, which has the effect of variation in the approved value of the transaction, by more than 20% or by which the transaction ceases to be in ordinary course and/or on arm’s length basis or such other parameter as may be determined by the Audit Committee from time to time.

3.4 Review and approval of Related Party Transactions

All Related Party Transactions shall require prior approval of the Audit Committee. It is clarified that any modification of an existing Related Party Transaction shall also require approval of Audit Committee.

However, the approval of Audit Committee would not be required for transaction(s), other than the transaction(s) referred in Section 188 of the Act, between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders of the Company at the general meeting for approval. Further, 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 approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of Regulation 23 of the Listing Regulations.

Further, transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and the Central Government or any State Government or any combination thereof on the other hand shall also be outside the

purview of sub-regulation (2), (3), and (4) of Regulation 23 of the Listing Regulations.

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:

- (i) 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;
- (ii) the transaction is not material in terms of the provisions of sub-regulation (1) of Regulation 23 of the Listing Regulations;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of Regulation 23 of the Listing Regulations;
- (v) 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.

The Audit Committee may grant omnibus approval to one or more proposed Related Party Transactions to be entered into by the Company or its subsidiary.

Such omnibus approval shall be subject to the following conditions:-

- a) The proposed Related Party Transaction(s) is/ are repetitive in nature and the Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company;
- b) The maximum value of the Related Party Transactions, in aggregate, which can be allowed under the omnibus route in a year shall not exceed 10% of annual consolidated turnover of the Company as per the last audited financial statements of the Company. Further, the maximum value per Related Party Transaction which can be allowed under the omnibus route shall not exceed 5% of annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- c) Such omnibus approval shall specify (i) the name(s) of the Related Party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price, if any; and (iii) 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 the transaction value not exceeding Rs.1 crore per transaction.

- d) Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company or its subsidiary, pursuant to each omnibus approval.
- e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

The information in respect of proposed Related Party Transaction(s) along with complete details should be submitted by the concerned departments of the Company to the Internal Auditor. While assessing the proposal, the Audit Committee may seek such information / supporting documents or get clarifications, as it may consider necessary.

Each material related party transaction described under Clause 3.3 of this Policy shall also require prior approval of the Board and shareholders of the Company, in accordance with the applicable provisions of Relevant Laws.

A contract, arrangement or transaction, between a related party (as defined under the Act) and the Company, as specified under Section 188(1) of the Act, which is either 'not on an arm's length basis' or 'not in the ordinary course of business' ("**Specified RPT**"), shall also require approval of Board as per the provisions of Section 188(1) of the Act and the applicable provisions of the Rules. Further, subject to the provisions of the Act and Rules, the following Specified RPTs shall require approval of the shareholders of the Company by a resolution:

- a) Sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to ten per cent or more of the turnover of the Company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of Section 188 of the Act;
- b) Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten per cent or more of net worth of the Company, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of Section 188 of the Act;
- c) Leasing of property of any kind amounting to ten per cent or more of the turnover of the Company, as mentioned in clause (c) of sub-section (1) of Section 188 of the Act;
- d) Availing or rendering of any services, directly or through appointment of agent, amounting to ten per cent or more of the turnover of the Company, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of Section 188 of the Act;
- e) Appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding Rs. 2,50,000 (Rupees two lakh fifty thousand only) as mentioned in clause (f) of sub-section (1) of Section 188 of the Act; or
- f) Contract or arrangement in respect of remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company exceeding one per cent of the net worth of the Company as mentioned in clause (g) of sub-section (1) of Section 188 of the Act;

Provided that the requirement of passing the shareholders' resolution as mentioned above shall not be applicable for transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

In the event the Audit Committee decides to put up a Related Party Transaction before the Board, or if the Board *suo-moto* elects to review any Related Party Transaction or if a Related Party Transaction is required to be approved by the Board in pursuance of the Act, Rules or Listing Regulations, the process set forth in this clause 3 shall apply *mutatis-mutandis* for approval of such Related Party Transaction by the Board, subject to such exceptions as may be necessary or appropriate under the circumstances.

4. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THE POLICY

In case the Audit Committee becomes aware of any Related Party Transaction that has not been approved as per the Policy, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all 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 said Related Party Transaction. The Audit Committee may examine the facts and circumstances of the case and take such action as it may deems appropriate.

5. DISCLOSURE OF RELATED PARTY TRANSACTIONS

The particulars of Related Party Transactions shall be disclosed in such manner as may be prescribed under the Relevant Laws.

The particulars of Related Party Transactions should be entered in the register(s) maintained under the Act, wherever applicable.

The Company shall host this Policy on its website and a web-link thereto shall be provided in the Annual Report of the Company.

6. AMENDMENT & REVIEW

This Policy can be amended, modified, or revised from time to time and if there is no bar under the Listing Regulations or the Act, then the same can be abrogated by the Board of Directors of the Company. This Policy shall be reviewed by the Board of Directors of the Company at least once in every three years and shall be updated accordingly.