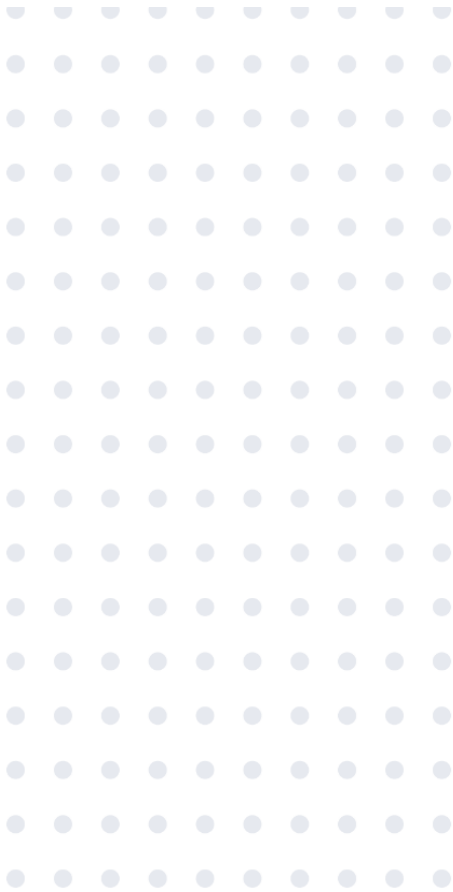




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Policy on Materiality
of Related Party
Transactions and
Dealing with Related
Party Transactions

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1. Background

This Policy shall be called the Policy on materiality of Related Party Transactions and dealing with Related Party Transactions.

Objective

- a. Related Party Transactions have been one of the major areas of focus for corporate governance reforms being initiated in India. The changes introduced in the corporate governance norms through Section 188 of the Companies Act, 2013 ("**the Act**") and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**the Listing Regulations**") require the companies to have enhanced transparency and due process for approval of the Related Party Transactions. Pursuant thereto, Section 188 of the Act and Regulation 23 of the Listing Regulations require the Company to formulate a Policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions including clear threshold limits duly approved by the Board.
- b. Accordingly, the Board of Directors of the Company has adopted this Policy with regard to Related Party Transactions.

2. Applicability

This Policy applies to Eternal Limited.
The Policy shall become effective from April 12, 2021.

3. Definitions

- a. **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.
- b. **Audit Committee** means the Audit Committee of the Board of Directors of the Company.
- c. **Board** means the Board of Directors of the Company.
- d. **Company** means Eternal Limited.
- e. **Companies Act** means Companies Act, 2013 as amended.
- f. **Key Managerial Personnel** or "KMPs" means Key Managerial Personnel as defined under the Companies Act and includes:
 - i. the Managing Director, or Chief Executive Officer or Manager;
 - ii. the Whole Time Director;
 - iii. the Company Secretary;
 - iv. the Chief Financial Officer;
 - v. such other officer, not more than one level below the Directors who are in whole-time employment, designated as key managerial personnel by the Board; and
 - vi. such other officer as may be prescribed.
- g. **Material Related Party Transaction or Material RPT** means a transaction with a Related Party which is material in accordance with the thresholds as prescribed in the SEBI Listing Regulations.

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- h. Material modification** will mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee/ Board / Shareholders, as the case may be.
- i. 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. meets any other parameters/ criteria as decided by the Board/ Audit Committee, from time to time.
- j. Policy** means Policy on materiality of Related Party Transactions and dealing with Related Party Transactions, as amended from time to time.
- k. Related Party** in relation to the Company means related party as defined under 2(1)(zb) of the SEBI Listing Regulations as amended from time to time
- l. Related Party Transaction** means related party transaction as defined under 2(1)(zc) of the Listing Regulations as amended from time to time.
- m. Relative** means any person as per Section 2(77) of the Act and rules prescribed thereunder and as per Regulation 2 (1) (zd) of the Listing Regulations as amended from time to time, means anyone who is related to another, if
 - i. they are members of a Hindu Undivided Family; or
 - ii. they are husband and wife; or
 - iii. One person is related to another in the following manner, namely:
 - Father, including step-father;
 - Mother, including step-mother;
 - Son, including step-son;
 - Son's wife;
 - Daughter;
 - Daughter's husband;
 - Brother, including step-brother; and
 - Sister, including step-sister
- n. Listing Regulation** means Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended from time to time.

4. Interpretation

- a.** Any words used in this Policy but not defined herein shall have the same meaning prescribed to it in the Act, the Securities and Exchange Board of India Act, 1992, as amended, or rules and regulations made thereunder including the Listing Regulations, the applicable accounting standards or any other relevant legislation/ law applicable to the Company.
- b.** The reference to the masculine gender in the Policy shall be deemed to include a reference to feminine gender.

- c. In case of any dispute or difference upon the meaning/ interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee shall be final. In interpreting such term/ provision, the Audit Committee may seek the help of any of the officers of the Company or an external expert as it deems fit

5. Approval of related party transactions

a. Audit Committee

All Related Party Transactions or any subsequent Material Modifications therein falling under Regulation 23 (2) to 23 (4) of the Regulations as amended from time to time, shall require prior approval of the Audit Committee of the Company. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions or material modifications thereto. Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

It shall be ensured that minimum information as required under the Companies Act, 2013 and rules made thereunder, Listing Regulations, Industry Standards note on "Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions" and other SEBI circulars/guidelines issued in connection to related party transaction is placed before the Audit Committee for their discussion and approval.

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 individual 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 this regulation;
- (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 this regulation;
- (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 for Related Party Transactions proposed to be entered into by the Company or its subsidiaries subject to the following conditions:

- i. The Audit Committee shall lay down the criteria as approved by the Board of the

Company for granting the omnibus approval in line with the Policy on Related Party Transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;

- ii. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- iii. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can 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 their value not exceeding Rs.1 crore per transaction.
- iv. Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company or its subsidiaries pursuant to each of the omnibus approval given; and
- v. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

b. Board of Directors

Related Party Transactions which are not in the ordinary course of business or which is in the ordinary course of business but not at arm's length basis shall require prior approval of the Board through a resolution passed at the meeting of the Board shall be necessary.

- i. Where any Director is interested in any contract or arrangement with a Related Party, such Director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.
- ii. The Board of Directors shall review, approve and recommend to the shareholders for their approval, all Material Related Party Transactions and such transactions as required to be approved by shareholders of the Company in terms of section 188(1) of the Act and the Listing Regulations.

c. Shareholder approval

- i. All Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the shareholders through resolution and no Related Party shall vote on such resolutions whether the entity is a Related Party to the particular transaction or not. However, the said requirement would not be applicable in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016 subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- ii. If a Related Party Transactions is not in the ordinary course of business, or which is in the ordinary course of business but not at arm's length price and exceeds certain thresholds as prescribed under Section 188 of the Companies Act and rules made thereunder (including any amendment(s) thereto or re-enactment thereof for the time being in force), it shall require shareholders'

approval by a resolution.

- iii. The Related Parties which may be related in the context of the Related Party Transaction for which the resolution is being passed and all other entities falling under the definition of related parties shall abstain from voting as shareholders in case of Related Party Transactions which require the approval of shareholders.

However, the shareholders' approval is not required for the transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

6. Process for dealing with related party transactions

- a. A list of all the related parties in relation to the Company received from the Board shall be updated from time to time.
- b. The contract/arrangement shall not be entered into without the necessary approval from the Audit Committee/Board/shareholders, as the case may be. Compliance to this condition will strictly be adhered to by the concerned department proposing the underlying contractor arrangement.

7. Disclosure of related party transactions

- a. Every contract or arrangement which shall be entered into pursuant to section 188(1) of the Companies Act shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
- b. The details of material transactions with related parties will be included in the corporate governance reports which are required to be submitted to the stock exchanges on a quarterly basis.
- c. The Company shall submit on the date of publication of its standalone and consolidated financial results for the half year, disclosures of Related Party Transactions on a consolidated basis, in the format specified by the Board to the stock exchanges and publish the same on its website.
- d. The Company shall disclose the 'loans and advances (by listed entities and its subsidiaries) in the nature of loans to firms / companies in which directors are interested in the Corporate Governance Report which shall be part of the Annual Report of the Company.

8. Amendments

Any change in the Policy shall be approved by the Board of the Company. The Board shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. The Policy shall be reviewed by the Board at least once every three years and updated accordingly. Any subsequent amendment/modification in the Act or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

9. Compliance

The Chief Financial Officer (CFO) shall be responsible for supervision of the Policy. Any queries regarding the Policy shall be referred to the Chief Financial Officer (CFO), who is in charge of administering, enforcing and updating the Policy.

10. Interpretation

In any circumstance where the terms of this Policy are inconsistent with any existing or newly enacted law, rule, regulation or standard governing the Company, the said law, rule, regulation or standard will take precedence over this Policy.

11. Version history:

Version	Approval date	Description
Version 1	April 12, 2021	Original Policy
Version 2	February 10, 2022	Revised Policy in line with changes in regulatory requirements.
Version 3	January 20, 2025	Amendment pursuant to SEBI (Listing Regulations) (Third Amendment), 2024
Version 4	July 22, 2026	Revised Policy in line with changes in regulatory requirements.