



PRABHA ENERGY LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

(Approved in the Board Meeting dated 14th February, 2025)



POLICY ON RELATED PARTY TRANSACTIONS

1. INTRODUCTION

The Board of Directors (the “Board”) of Prabha Energy Limited (the “Company”), has adopted this policy and procedure with regard to Related Party Transactions. This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its related parties in compliance with the applicable laws and regulations as may be amended from time to time. The Audit Committee will review and amend this policy from time to time.

2. SCOPE

The policy is not only to be in the best interests of its Stakeholders but also in due compliance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as and when amended from time to time with respect to Related Party and Related Party Transaction and also to comply with the provisions of Section 188 of the Companies Act, 2013 read with applicable Rules. The objective of this Policy is to set out the materiality thresholds for Related Party Transactions and the manner of dealing with the transactions between the Company and its Related Parties.

The Policy applies to the transactions between the Company and one or more Related Parties. It provides framework for governance and reporting of Related Party Transactions, including material Related Party Transactions and subsequent material modifications.

3. DEFINITIONS

In this Policy, unless the context otherwise requires:

- (a) “**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars, notification, orders to remove difficulties or re-enactment thereof time to time.
- (b) “**SEBI Listing Regulations**” means SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, as amended time to time.
- (c) “**Arm's length basis**” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arm's length basis, guidance may be taken from provisions of Domestic Transfer Pricing under Income Tax Act, 1961 for dealing with any related parties in India and International Transfer Pricing guidelines for dealing with any related parties, where such related party is situated outside India.
- (d) “**Audit Committee or Committee**” means the Committee of Board constituted by the Board of Directors of the Company under the provisions of SEBI Listing Regulations and Act from time to time.



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- (e) **“Board of Directors”** or **“Board”** means the Board of Directors of the Company, as constituted from time to time.
- (f) **“Key Managerial Personnel”** means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made thereunder.
- (g) **“Material Related Party Transaction”** means transaction/ transactions with the related party to be entered into individually or taken together with previous transactions during a financial year, exceeds the following thresholds:
 - i. In case of transaction(s), if the amount exceeds 1000 (One Thousand Crore) or 10% (ten percent) of the Annual Consolidated Turnover of the Company as per its last Audited Financial Statements of the Company; whichever is lower.
 - ii. In case of transaction(s) involving payments made with respect to brand usage or royalty, if it exceeds 5% of the Annual Consolidated Turnover of the Company as per its last Audited Financial Statements;
- (h) **“Material Modification”** means any subsequent modification/change in the pricing, quantity or value of transaction of related party transaction with a variance of 50% or more in the relevant previously approved related party transaction.
- (i) **“Policy”** means Related Transaction Policy of the Company including amendments, if any, from time to time.
- (j) **“Relative”** means a relative as defined under Section 2(77) of the Act and the rules framed thereunder or under the applicable accounting standards.
- (k) **“Related Party”** means such entity or individuals as defined as related party under Section 2(76) of the Act and the rules framed thereunder and Regulation 2(1)(zb) of SEBI Listing Regulations as amended from time to time or such entity is a related party under the applicable accounting standards.
- (l) **“Related Party Transaction(s) (RPTs)”** means any transaction as defined under the Act, Rules made thereunder and Regulation 2(1)(zc) of SEBI Listing Regulations and any amendment or modifications thereof from time to time
- (m) **“Transaction”** with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

Words and expressions used and not defined in the Policy shall have the same meanings respectively assigned to them in the Act, SEBI Listing Regulations or any other applicable law or regulation and as amended from time to time.



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4. POLICY AND PROCEDURE

– Policy

All Related Party Transactions and subsequent material modification where the company or its subsidiary is a party to such transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this policy.

– Procedure

a. Identification of Related Party Transactions:

Every Director shall at the beginning of the financial year provide information by way of written notice to the Company regarding his concern or interest in the entity with specific concern to parties which may be considered as Related Party with respect to the Company and shall also provide the list of relatives which are regarded as Related Party as per this policy. Directors are also required to provide the information regarding their engagement with other entity during financial year which may be regarded as related party according to this policy.

The Company will identify potential transactions with Related Party based on written notice of concerns or interests received from its Directors or Key Managerial Personnel in the manner prescribed in the Companies Act, 2013 and the rules made thereunder and any amendments or modifications thereto.

b. Review and approval of Related Party Transaction

➤ Audit Committee

- Every Related Party Transaction and subsequent Material Modifications shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode.
- Further, the Independent Directors who are members of Audit Committee shall approve the Related Party Transactions.
- Prior approval of Audit Committee shall be required for
 - a) A related party transaction to which the subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten per cent) of the annual standalone turnover, as per the last audited financial statements of the subsidiary;
 - b) Further prior approval of the Audit Committee of the Company shall not be required for a related party transaction to which the listed subsidiary of the



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Company is a party but the Company is not a party, if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (b) above, the prior approval of the Audit Committee of the listed subsidiary shall suffice.

- For 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 this regulation.
- 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 (1) of this regulation;
 - 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 (9) of this regulation.

However, 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.

- 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 Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company or its subsidiary subject to compliance of the conditions contained in SEBI Listing Regulations as amended from time to time.
- The Committee shall also specify itself the need for such omnibus approval and that such approval is in the interest of the Company.



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- The Audit Committee shall also review the details of Related Party Transactions entered into by the listed entity or its subsidiary pursuant to each of the omnibus approvals given at least on a quarterly basis.

➤ **Approval of the Board of Directors of the Company**

- As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, has to be placed before the Board for its prior approval.
- In addition to the above, if the Audit Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under the Act or any law for Board to approve the Related Party Transaction then the Board shall consider and approve it and the consideration set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

➤ **Approval of the Shareholders of the Company**

- All the Material Related Party Transaction and subsequent material modifications as defined under this policy and by the Audit Committee shall require prior approval of the Shareholders through resolution and no Related Party shall vote to approve such resolution whether the entity is a related party to the particular transaction or not.

Provided that prior approval of the Shareholders of the Company shall not be required for a related party transaction to which the listed subsidiary of the Company is a party but the Company is not a party, if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.

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

- In addition to above, all kind of transaction specified under Section 188 of the Act which (a) are not on an arm's length basis or not in the ordinary course of business; and (b) exceed the limits as prescribed under the Act or under Companies (Meetings of Board and its Powers) Rules, 2014 shall require prior approval of the Shareholders through resolution and no person/entity which is a Related Party in terms of the Act shall vote to approve such transaction.
- However, the requirement of shareholders' approval for Material Related Party Transactions and subsequent material modifications shall not be applicable for the following cases:
 - (a) transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed



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to recognized stock exchange within one day of the resolution plan being approved.

5. EXCLUSIVITY OF THE POLICY:

- Nothing mentioned in this policy shall be applicable to following cases:
 - (a) 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.
 - (b) transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
 - (c) 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.

6. TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL

- The issue of specified securities on a preferential basis, subject to compliance of the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- The following corporate actions 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.
- 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.
- Acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time.

Explanation: Acceptance of deposits includes payment of interest thereon.



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- Retail purchases from the Company 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.

7. DISCLOSURES

The Company shall make disclosures to the stock exchanges every 6 (Six) months on the date of publication of its standalone and consolidated financial results in the format specified by the SEBI from time to time, and shall publish the same on the Company's website.

The remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not required to be disclosed under this policy provided that the same is not material in terms of this policy.

8. REVIEW OF POLICY

This Policy is framed based on the provisions of Companies Act, 2013 and rules framed thereunder and the requirements of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time.

In case of any subsequent changes in the provisions of the Companies Act, 2013, Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other regulations ("the Regulations") which makes any of the provisions in the policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with the Regulations.

The Policy shall be reviewed by the Board of Directors as and when any changes are to be incorporated in the policy due to change in the Regulations. Any changes or modification on the policy as recommended by the Management would be presented for approval of the Board of Directors. The policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.
