



***POLICY ON MATERIALITY OF RELATED  
PARTY TRANSACTIONS AND ON DEALING  
WITH RELATED PARTY TRANSACTIONS***

***Corporate Office***

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## ARKADE DEVELOPERS LTD

### POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

#### 1. Introduction and Background

Arkade Developers Ltd (the "Company") recognizes that related party transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its stakeholders' best interests.

This policy (Policy) has been formulated in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), as amended from time to time.

#### 2. Scope & Inclusion

This policy sets definition of materiality of related party transactions, definition of material modification in related party transactions and dealing with related party transactions.

#### 3. Terms and References

##### 3.1 Related Party Transaction

"Related Party Transaction" ("RPT") means related party transaction as defined under Regulation 2(1)(zc) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("Listing Regulations").

##### 3.2 Related Party Transaction(s) of the Company

Related Party Transaction(s) where the Company is a party to the



transaction(s) , contract(s), arrangement(s) with a related party.

### **3.3 Related Party Transaction(s) of the Subsidiary**

Related Party Transaction(s) where the Subsidiary of the Company is a party to the transaction(s), contract(s), arrangement(s) with a related party but the Company is not a party.

### **3.4 Materiality of Related Party Transaction(s)**

34.1. Contracts, arrangements with a related party shall be considered as material related party contracts , arrangements if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year under such contracts ,arrangements exceed rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statement of the Company, whichever is lower.

34.2 A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction 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 Company as per the last audited financial statement of the Company.

### **3.5 Material Modifications**

3.5.1 Material modifications in relation to the Related Party Transaction(s) shall mean any change, variation, modification in an existing related party transaction, contract ,arrangement, the financial effect of which is an increase in the per annum value of the relevant related party transaction, contract , arrangement by 10% or rupees fifty crore, whichever is higher.





### 3.6 Subsidiary or Subsidiary Company

“Subsidiary” means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013 (‘Act’).

All other terms and references used but not defined herein shall have the same meaning as is assigned to them under the Act, the Listing Regulations and rules, regulations, notifications and circulars issued thereunder.

## 4. Policy

**4.1** All Related Party Transaction(s) shall be entered on arms' length basis.

**4.2** In exceptional circumstances, where permitted by law, Related Party Transaction(s) of the Company may deviate from the principle of arm's length, after obtaining approval from Audit Committee and the Board of Directors, as the case may be.

**4.3** In exceptional circumstances, where permitted by law, Related Party Transaction(s) of the Subsidiary which exceed the threshold specified in Regulation 23 of the Listing Regulations, may deviate from the principle of arm's length, after obtaining approval from its audit committee and , or board of directors, as the case may be and approval of Audit Committee and Shareholders of the Company, if applicable.

The Audit Committee may, from time to time, grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

\* The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature;

\* The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;





\* Such omnibus approval shall, inter alia, 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.

\* Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.

\* Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year"

**4.4** All Related Party Transaction(s) of the Company shall be in compliance with the provisions of the Act, the Listing Regulations and the applicable Accounting Standards, as amended from time to time.

**4.5** All domestic related party contracts, arrangements shall, wherever applicable, comply with Domestic Transfer Pricing Requirement under section 92BA of the Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.

**4.6** All international related party contract, arrangements shall comply with International Transfer Pricing Requirement under section 92B of the Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.

## 5. Approval

**5.1** All Related Party Transaction(s) of the Company and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Board of Directors or the Shareholders of the Company, as the case may be, as required under and subject to the Act and the Listing



Regulations.

**5.2** All Related Party Transaction(s) of the Subsidiary exceeding the threshold of material related party transactions as specified in Regulation 23 of the Listing Regulations and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Shareholders of the Company, as the case may be.

## **6. VOTING:**

**6.1** In case of RPT requiring Board's or Audit Committee's approval, any Director or Member, as the case may be, who is interested in RPT will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction.

**6.2** In case of RPT's requiring shareholders resolution, no Related party shall vote to approve such resolution whether the entity is a related party to the particular transaction or not.

## **7. Amendment**

Any subsequent amendment, modification in the Listing Regulations or the Act or any other governing Act, Rules, Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and , or amended to that extent, even if not incorporated in this Policy.

## **8. Review**

This Policy will be reviewed as and when required but at least once in three years. This Policy was approved by the Board of Directors at its meeting held on 31st August 2023 .

