



Executive Centre India Limited

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

Contents

1. Title	3
2. Commencement	3
3. Objective of the Policy	3
4. Definition	3
5. Interpretation	4
6. Procedure	4
7. Identification of Related Party Transaction(s)	5
8. Approval of Related Party Transactions	5
9. Process for dealing with Related Party Transactions	8
10. Reporting of Related Party Transactions	8
11. Amendments	8

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1. Title

This policy shall be called the ‘Policy on materiality of related party transactions and dealing with related party transactions’ (“**Policy**”).

2. Commencement

The Policy shall come into force with effect from the date of listing of the equity shares Executive Centre India Limited (the “**Company**”) on BSE Limited and National Stock Exchange of India Limited.

3. Objective of the policy

3.1. Related party transactions have been one of the major areas of focus for corporate governance reforms being initiated in India. Related Party Transactions can present a potential or actual conflict of interest which may be against the best interest of a company and its shareholders. The changes introduced in the corporate governance norms through Section 188 of the Companies Act, 2013, as amended and the rules framed thereunder (“**Companies Act**”) and Regulation 23 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended (“**SEBI Listing Regulations**”) read with Industry Standards on “Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction” as prescribed by SEBI from time to time (“**Industry Standards**”) require the companies to have enhanced transparency and due process for approval of the related party transactions. Pursuant thereto, Section 188 of the Companies Act and Regulation 23 of the SEBI 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 of directors (“**Board**”).

3.2. Accordingly, the Board of the Company has adopted the following policy with regard to related party transactions. The Board will review this policy at least once every three years and update accordingly.

4. Definitions

4.1. “**Act**” means the Companies Act, 2013 as amended from time to time.

4.2. “**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.

4.3. “**Audit Committee**” means the audit committee of the board of directors of the Company.

4.4. “**Board**” means the Board of directors of the Company.

4.5. ¹“**Company**” means Executive Centre India Limited.

4.6. “**Industry Standards**” means Industry Standards on “Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction” as prescribed by SEBI from time to time.

4.7. “**Key Managerial Personnel (KMP)**” as defined in under Section 2(51) of the Companies Act, 2013.

4.8. “**Listed Subsidiary**” for the purpose of this Policy, means a subsidiary of the Company which has listed its designated securities on stock exchanges in accordance with the SEBI Listing Regulations and on such subsidiary, the provisions of Regulation 23, sub-regulation (2) and of Regulation 15 of the said Regulations are applicable.

¹ The name of the “Company” changed from “**Executive Centre India Private Limited**” to “**Executive Centre India Limited**” pursuant to conversion of the Company from a Private Limited company to a Public Limited company effective from 04 June 2025.

- 4.9. “**Material Related Party Transaction**” shall mean such transaction(s) as specified under Regulation 23 of the Listing Regulations and/or as determined in terms of the Companies Act, 2013.
- 4.10. “**Material Modifications**” shall mean any modification with respect to the following:
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.
- 4.11. “**Ordinary Course of Business**” with reference to a transaction with a related party means the usual 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) historical practice with a pattern of frequency;
 - (iii) common commercial practice; or
 - (iv) meets any other parameters/criteria as decided by the Board/Audit Committee, from time to time.
- 4.12. “**Policy**” means this policy, as amended from time to time.
- 4.13. “**Related Party**” in relation to the Company means a party related with the Company in any of the ways as laid down in Section 2(76) of the Companies Act and as defined in 2 (1) (zb) of the SEBI Listing Regulations.
- 4.14. “**Related Party Transaction**” in relation to the Company means a transaction with a related party as defined in 2 (1) (zc) of the SEBI Listing Regulations and under the relevant provisions of the Act or any relevant Indian Accounting Standards, as amended from time to time.
- 4.15. “**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 SEBI Listing Regulations as amended from time to time
- 4.16. “**Subsidiary**” means a subsidiary as defined in regulation 2(zm) of the SEBI Listing Regulations;
- 4.17. “**SEBI Listing Regulations**” means the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time.

5. Interpretation

- 5.1. Any words used in this Policy but not defined herein shall have the same meaning prescribed to it in the Companies Act, the Securities and Exchange Board of India Act, 1992, as amended, or rules and regulations made thereunder including the SEBI Listing Regulations, the applicable accounting standards or any other relevant legislation/law applicable to the Company.
- 5.2. The reference to the masculine gender in the Policy shall be deemed to include a reference to feminine gender.
- 5.3. 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.

6. Procedure

6.1. Disclosure by Directors and Identification of the Related Parties

The Company has formulated guidelines for identification and updating the list of Related Parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1) (zb) of the SEBI Listing Regulations.

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 the financial year which may be regarded as Related Party according to this Policy.

6.2. Identification of Transaction with Related Parties

- a. The Related Party of the Company shall be identified and ascertained in light of the aforementioned definition of the Related Party.
- b. Every Board and KMP of the Company shall be responsible for providing a list of his / her Related Party to the Company. The disclosure shall be submitted to the Company (i) at the time of appointment of such person to office; (ii) at the first meeting of the Board held in every financial year, and (iii) whenever there is any change in the disclosures already made, then at the first Board meeting held after such change.
- c. The Board shall take note of such disclosures and maintain database of Company's Related Parties.
- d. Any questions as to whether a person is a Related Party or not shall be determined by the Committee.
- e. The Compliance Officer shall maintain a database of Company's Related Parties containing the names and other applicable details of individuals and the entities, identified on the basis of the definition set forth in this policy.

7. Identification of Related Party Transaction(s)

The Audit Committee shall consider the following factors while deliberating the Related Party Transactions for its approval:

- Name of party and details explaining nature of relationship;
- Duration of the contract and particulars of the contract and arrangement;
- Nature of transaction and material terms thereof including the value, if any;
- Manner of determining the pricing to ascertain whether the same is on arm's length;
- Business rationale for entering into such transaction; and
- Any other information as may be applicable in accordance with the Industry Standards.

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

- 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.
- 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.
- Whether the Related Party Transaction would affect the independence of an independent director.
- Whether the proposed transaction includes any potential reputational risk issues that may arise because of or in connection with the proposed transaction.
- 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.
- 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.

8. Approval of Related Party Transactions

a) Audit Committee

- 1) All Related Party Transactions and any subsequent Material Modifications shall be undertaken only after prior approval of the Audit Committee and these transactions should be approved only by Independent Directors of the Audit Committee.
- 2) Prior approval of the Audit Committee shall not be required for a Related Party Transaction to which any listed subsidiary of the Company is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of SEBI Listing Regulations are applicable to such listed subsidiary.
- 3) Any member of the Audit Committee or the Board who has potential interest in any Related Party Transaction will in terms of Rule 15(2) of the Companies (Meeting of Board and its Powers) Rules, 2014 shall not be present at the meeting during the discussions on the subject matter and shall recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.
- 4) The Audit Committee shall be provided with requisite information for approval of each Related Party Transaction in such form and manner as prescribed in the Act and/or SEBI Listing Regulations read with Industry Standards.
- 5) In the event of a Related Party Transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of the Company is a party but the Company is not a party, prior approval of the audit committee of the Company shall be obtained if the value of such transaction exceeds the lower of the following:
 - i) Ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
 - ii) The threshold for material Related Party Transactions of listed entity as specified in Schedule XII of SEBI Listing Regulations.
- 6) In the event of a Related Party Transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of the Company is a party but the Company is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the Company shall be obtained if the value of such transaction exceeds the lower of the following:
 - i) Ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
 - ii) The threshold for material Related Party Transactions of listed entity as specified in Schedule XII of SEBI Listing Regulations.

Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.

- 7) All the remuneration and sitting fees paid by the Company or its subsidiary, as applicable, 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.

- 8) The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:
 - (i) 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;
 - (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 (iii) Applicable disclosures as mentioned in the Industry Standards, and (iv) such other conditions as the Audit Committee may deem fit;
- 9) 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.
- 10) Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given; and
- 11) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- 12) 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 Reg. 23 (1) of the SEBI 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 Reg. 23 (9) of SEBI 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 Company against any loss incurred by it.

b) Board of Directors

All Related Party Transactions within the scope of Section 188 of the Act, which are not in the ordinary course of business and not at an arm's length shall require prior approval of the Board.

In addition, the following RPTs shall also be placed before the Board for approval:

- Material Related Party Transactions and any subsequent material modifications to Related Party Transactions, which are intended to be placed before the shareholders for approval.
- All other Related Party Transactions as referred by the Audit Committee from time to time.

Information in such form and manner as prescribed in the Act and/or SEBI Listing Regulations shall be provided to the Board.

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.

c) Shareholder approval

- All material Related Party Transactions and subsequent Material Modifications shall require prior approval of the shareholders through resolution and no Related Party shall vote to approve on such resolutions whether the entity is a Related Party to the particular transaction or not.
- The notice being sent to the shareholders seeking approval for any RPT shall, in addition to the requirements under the Companies Act, 2013 and SEBI Listing Regulations, include the information as part of the explanatory statement as specified in the Industry Standards.
- The prior approval of the shareholders shall not be required for a Related Party Transaction to which the listed subsidiary is a party, but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of SEBI Listing Regulations are applicable to such listed subsidiary. In case of Related Party Transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

However, the said above mentioned 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.

The omnibus approval granted by the shareholders for material Related Party Transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Act and the in case of omnibus approvals for material Related Party Transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

9. Process for dealing with Related Party Transactions

- 9.1. A list of all the Related Parties in relation to the Company received from the Board shall be updated from time to time.
- 9.2. Basis the above mentioned list of Related Parties, every department shall, prior to entering in to any contract or arrangement with a Related Party, ascertain whether the proposed contract or arrangement satisfies the approval mechanism prescribed under this Policy.
- 9.3. The contract/arrangement shall not be entered in to 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.

10. Reporting of Related Party Transactions

- 10.1. Every contract or arrangement, which is required to be approved by the Board / shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
- 10.2. The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report of the Company.
- 10.3. Appropriate disclosures as required under the Act and the SEBI Listing Regulations shall be made by the Company to the relevant authorities and stock exchanges from time to time in the prescribed returns/forms/formats.

11. 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 SEBI Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.
