

CRANEX LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

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1) SCOPE AND PURPOSE OF THE POLICY

This Policy is intended to ensure timely identification of a Related Party Transaction (“RPT”), and its salient terms and conditions, detail the approval process, outline the disclosure and reporting requirements thereof, and ensure transparency in the conduct of RPTs, so that there is no conflict of interest.

As per the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed there under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”), **CRANEX LIMITED (“the Company”)** has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

This policy is to regulate the transactions between the Company, or its subsidiaries, and their Related Parties (*as defined below*) based on the laws and regulations applicable to the Company.

2) OBJECTIVE

This policy is framed as per the requirements of Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any modification(s) / amendment(s) / re-enactment(s) thereof) (“Listing Regulations”) and in terms of Section 188 of the Companies Act, 2013 (the “Act”) and is intended to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties. The Company is required to disclose each year, in the Financial Statements and the Annual Report, transactions between the Company and its Related Parties as well as policies governing transactions with Related Parties.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the rules framed thereunder and the Listing Regulations, as amended from time to time.

The Board of Directors of the Company adopted this policy upon recommendation of the Audit Committee and the said policy includes the materiality threshold(s) and the manner of dealing with Related Party Transactions (“Policy”) in compliance with the requirements of the Act and Listing Regulations, as amended from time to time.

3) DEFINITIONS

- (a) “**Act**” or “**Companies Act, 2013**” means the Companies Act, 2013, as amended, and includes the rules/ guidelines/ clarifications issued thereunder.
- (b) “**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.
- (c) “**Audit Committee**” or “**Committee**” means the audit committee constituted by the Board of Directors of the Company under Section 177 of the Act and provisions of Regulation 18 of the Listing Regulations, as amended time to time.

(d) “**Board**” means the Board Directors of **CRANEX LIMITED**

(e) “**Company**” means **CRANEX LIMITED**

(f) “**Force Majeure Event**” shall mean any acts of God, epidemic, pandemic, extremely adverse weather conditions, lightning, earthquake, flood, cyclone, volcanic eruption, chemical or radioactive contamination or ionizing radiation, fire, explosion, war (declared or undeclared), invasion, armed conflict or act of a foreign enemy, blockade, embargo, riot, insurrection, rebellion, terrorist or military action, civil or economic unrest, civil commotion, boycott, political agitation, change in applicable law, expropriation, labor strikes, and other similar actions, changes in the economic or political conditions in the location where the parties to the particular Related Party Transaction operate, or any other cause beyond the reasonable control of the parties to the particular Related Party Transaction and without their fault, delay or negligence.

(g) “**Financial Year**” means the period ending on the 31st day of March every year.

(h) “**Holding Company**” in relation to one or more other companies, means a company of which such companies are subsidiary companies.

(i) “**Key Managerial Personnel**” as defined under the Companies Act, 2013 means:-

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Company Secretary;
- (iii) the Whole-time Director;
- (iv) the Chief Financial Officer;
- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed under the Act.

(j) “**Material Modifications**” in the context of a Material Related Party Transaction which was approved by the Audit Committee and/or the Shareholders, means any modification which will significantly alter the information provided to the Audit Committee and/or Shareholders or change the fundamental nature or basis of the Related Party Transaction and in case of thresholds in relation to overall transaction value, which as a consequence results in an increase of more than 20% from the [budgeted figures for the particular Material Related Party Transaction;

Provided that an increase of more than 20% from the budgeted figures shall not be considered as a Material Modification in the event of re-allocation of business from one Related Party to other and Force Majeure Event and the impact thereof shall be informed to the Audit Committee.

(k) “**Material Related Party Transaction**” means a Related Party Transaction (including any transaction to be entered into with a Related Party, individually or taken together with previous transactions during a Financial Year), which exceeds Rs. 1,000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower, as defined in Regulation 23 of the Listing Regulations or such transactions as provided in Section 188 of the Act entered into with a Related Party.

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 transactions during a Financial Year exceed 5% percent of the annual consolidated turnover of the Company, as per the last audited financial statements of the Company.

- (l) **“Ordinary course of business”** means a transaction which
 - (i) is carried out in the normal course of business envisaged in accordance with the Memorandum of Association ('MoA') of the Company as amended from time to time, or
 - (ii) is in connection with the normal business carried on by the Company, or
 - (iii) the income, if any, earned from such activity/transaction is assessed as business income in the Company's books of accounts and hence is a business activity, or
 - (iv) is common commercial practice, or
 - (v) meets any other parameters/criteria as decided by the Board/Audit Committee.
- (m) **“Policy”** means this policy, as amended from time to time.
- (n) **“Promoter”** means the person or entity identified in terms of Regulation 2(1)(oo) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- (o) **“Promoter Group”** means the entities constituting the promoter group of the Company in terms of Regulation 2(1)(pp) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- (p) **“Related Party”** means a Related Party as defined under:
 - (i) Section 2(76) of the Companies Act, 2013; or
 - (ii) Regulation 2(1)(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; or
 - (iii) Indian Accounting Standard (IND AS) 24 as notified by the Central Government.
- (q) **“Subsidiary Company” or “Subsidiary”** in relation to any other company (that is to say the holding company), means a company in which the holding company—
 - (i) controls the composition of the board of directors; or
 - (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

4) MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

A. Identification of related parties

The Company shall identify 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 Listing Regulations.

Further, every director and Key Managerial Personnel shall at the beginning of the financial year and subsequently whenever there is any change 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 a related party with respect to the Company and shall also provide the list of relatives which are regarded as a related party as per this Policy. The Board shall record the disclosure of interest. The Directors are also required to provide information regarding their engagement with other entities during the Financial Year which may be regarded as Related Parties according to this Policy.

The Board or Audit Committee will identify potential transactions with Related Parties based on written notices of concern or interests received from its Directors/Key Managerial Personnel in the manner prescribed in the Companies Act, 2013. He/she must also share any additional information about the transaction that the Board/Audit Committee may reasonably require.

B. Identification of related party transactions

The Company shall identify Related Party Transactions in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the Listing Regulations. The Company shall determine whether the transaction is in the ordinary course of business and an arm's length basis.

In addition to the above, the Company shall also take into account the following for the purposes of identification of Related Party Transactions:

- (i) Every Director/ KMP of the company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting.
- (ii) Where any Director / KMP, who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, shall disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.
- (iii) A contract or arrangement entered into by the Company without disclosure or with participation by a Director / KMP who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company

- (iv) The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the secretary has adequate time to obtain and review information about the proposed transaction and other matters incidental thereto and to refer it to the appropriate authority for approval.
- (v) Any Director / KMP who has been convicted of the offense dealing with Related Party Transactions at any time during the last preceding five (5) years shall be disqualified for appointment as Director / KMP, as the case may be.

5) PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS

A. Approval of the Audit Committee

- (i) All the Related Party Transactions to which the Company is a party and subsequent modifications thereto shall require prior approval of the Audit Committee; provided, that only those members of the Audit Committee, who are independent directors, shall approve such Related Party Transaction(s).
- (ii) However, approval of the Audit Committee is not required if the Related Party Transactions are entered 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.
- (iii) if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the Subsidiary;
- (iv) Further, prior approval of the Audit Committee shall not be required for a Related Party Transaction to which a listed Subsidiary of the Company is a party, but the Company is not a party, if Regulation 23 and Regulation 15(2) of the Listing Regulations are applicable to such listed Subsidiary.
- (v) Where the Audit Committee does not approve the Related Party Transactions, other than prescribed in clauses (a) to (g) of Section 188(1) of the Act, it shall make its recommendations to the Board for approval.
- (vi) The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the Company which are repetitive in nature and are in the ordinary course of business and on an arm's length basis subject to the conditions as laid down under Section 177(4)(iv) of the Act read Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23(3) of the SEBI Listing Regulations as amended from time to time.
- (vii) The 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 approvals given.
- (viii) Such omnibus approval shall be valid for a period of one year and shall require fresh approvals after the expiry of one year. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

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

- Whether the terms of the Related Party Transaction are fair and on Arm's Lengthbasis 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 for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the nature of the proposed Related Party Transaction is something that the Company would have done in its ordinary course of business;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Where the ratification of the Related Party Transaction is allowed by law and is sought from the Audit Committee, the reason for not obtaining the prior approval of the Audit Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company or in contravention of any law; and
- Any other factor the Audit Committee deems relevant for reviewing and approving such Related Party Transaction.
- If necessary, the Audit Committee may seek external professional advice in determining whether a transaction is in the ordinary course of business or at Arm's Length basis.

(x) Any member of the Audit Committee who has a potential conflict of interest in any Related Party Transaction shall abstain from discussion and voting on such Related Party Transaction.

(xi) Where any Director is interested in any contract or arrangement with a Related Party, such Director shall abstain be present at the meeting of the Audit Committee during discussions and voting on the subject matter of the resolution relating to such Related Party Transaction.

B. Approval of the Board of Directors of the Company

(i) The following contract or arrangement under section 188 of the Act with a Related Party which is not in the ordinary course of business or is in the ordinary course of business but is not on arm's length basis shall require prior approval of the Board given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed:

- (a) sale, purchase, or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for the purchase or sale of goods, materials, services or property;
- (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and

(g) underwriting the subscription of any securities or derivatives thereof, of the company.

(ii) In addition to the above, the following kinds of transactions with Related Parties are also placed before the Board for its approval:

- (a) Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at Arm's Length basis and decides to refer the same to the Board for approval;
- (b) Transactions which are in the ordinary course of business and at Arm's Length basis, but which in the Audit Committee's view require Board approval.
- (c) Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval.
- (d) All the Material Related Party Transactions and subsequent Material Modifications thereto shall be considered and approved by the Board before the same are considered by the shareholders for their prior approval except for those transactions which are between the Company and its wholly owned Subsidiary or between two wholly-owned Subsidiaries of the Company whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

- (e) Where any Director is interested in any contract or arrangement with a Related Party, such Director shall abstain from voting on the subject matter of the resolution relating to such Related Party Transaction.
- (f) Where any contract or arrangement under section 188 of the Act is entered into by a Director or any other employee, without obtaining the consent of the Board or the shareholders (as applicable) and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any Director, or is authorized by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by it.

C. Approval of the Shareholders of the Company

- ❖ All [Material Related Party Transactions] and subsequent Material Modifications shall require prior approval of shareholders by way of a resolution, except for transactions which are between the Company and its a wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval. No member who is a Related Party in the context of such contract or arrangement for which the resolution is being passed shall abstain from voting on the resolution to approve such contract or arrangement.

Any Related Party Transaction for which the Audit Committee has granted omnibus approval, shall continue to be placed before the shareholders of the Company if it is or becomes a Material Related Party Transaction.

A matrix for approval of the Related Party Transactions has been given as **Annexure I** of this Policy.

EXCEPTIONS

Notwithstanding the foregoing, the following Related Party Transactions shall not require specific approval of the Audit Committee:

- a) Any transaction with Wholly owned subsidiaries in the ordinary course of operations.
- b) Any transaction involving the providing of compensation to a director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business, and in-line with the terms of appointment.
- c) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

6) DISCLOSURES

The particulars of contracts or arrangements with related parties referred to in section 188(1) of the Companies Act 2013 should be disclosed in the Directors Reports, in Form AOC-2 format as notified by the Ministry of Corporate Affairs. 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, in accordance with Regulation 46(2)(g) of the Listing Regulations.

Details of all Material Related Party Transactions shall be disclosed in accordance with Regulation 27 of the SEBI (LODR) Regulations.

Details of all Related Party Transactions shall be disclosed to the Stock Exchanges in the prescribed format every six months, on the date of publication of its standalone and consolidated financial results, and the Company shall publish the same on its website.

The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any Related Party.

7) RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a transaction with a Related Party that has not been approved under this Policy prior to its consummation, 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 termination, or seeking the approval of the shareholders on the Related Party Transaction. The Audit Committee may examine the facts and circumstances of the case and take any such action it deems appropriate. The Audit Committee also has authority to modify or waive any procedural requirements under this Policy.

8) REVIEW OF THE POLICY

This Policy shall be reviewed by the Audit Committee / Board as and when necessary, and in any case, at least once every three years, and shall be updated accordingly. Any amendments to the relevant provisions of the Act/ Listing Regulations will automatically become applicable to this Policy, without any amendment.

In case of any conflict in the Policy with the Act / Listing Regulations, the provisions of the Act/ Listing Regulations shall prevail.

9) Annexure 1 - Approval Matrix for Related Party Transaction

NATURE OF TRANSACTION	AUDIT COMMITTEE		BOARD OF DIRECTORS APPROVAL		SHAREHOLDERS APPROVAL	
	COMPANIES ACT, 2013	LISTING REGULATIONS	COMPANIES ACT, 2013	LISTING REGULATIONS	COMPANIES ACT, 2013	LISTING REGULATIONS
Ordinary course of Business and at arm's length	Yes	Prior Approval	The board will note the same	Not required	Exempted	Yes, Prior Approval, if Material Related Party Transaction (including Material Modification)
Not in ordinary course of business and / or at arms length	Prior Approval	Prior Approval	Prior Approval, The Board May ratify the same within three Months	Not required	Prior Approval, if material related party transactions. However, Shareholders may ratify within three months.	Yes, Prior Approval, if Material Related Party Transaction (including material modification)
A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party. i. if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary	No	Yes	No	No	No	No