



**EVEREST KANTO CYLINDER LIMITED
POLICY ON RELATED PARTY TRANSACTIONS**

1. PREAMBLE

The Board of Directors (the “Board”) of Everest Kanto Cylinder Limited (the “Company”) has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions (“Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of Securities & Exchange Board of India ((Listing Obligations and Disclosure requirements) Regulation, 2015 (“Listing Regulations”) and as amended from time to time.

2. APPLICABILITY

This Policy applies to Transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material Transactions.

3. OBJECTIVE

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 per Companies Act, 2013 and Listing Regulations as may be amended from time to time. The Company is required to disclose each year in the Financial Statements certain Transactions between the Company and Related Parties as well as policies concerning Transactions with Related Parties.

The provisions of this Policy are designed as per the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of Listing Regulations and as amended from time to time to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

4. TERMS AND REFERENCES

Materiality of related party transactions

Contracts/arrangements with a related party shall be considered as material related party contracts/arrangements, if the transactions to be entered into individually or taken together with previous transactions during a financial year under such contracts/arrangements exceed ten percent of the annual consolidated turnover of the Company as per the last audited financial statement or such sum as may be prescribed under Listing Regulations and as amended from time to time.

A transaction involving payments made to 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.

5. POLICY

The Audit Committee shall review and approve all Related Party Transactions based on this Policy.

All proposed Related Party Transactions must be reported to the Audit Committee for prior approval by the Committee in accordance with this Policy. In the case of frequent/regular/repetitive transactions which are in the normal course of business of the Company, the Committee may grant omnibus approval, details whereof are given in a separate section of this Policy.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the Transactions in accordance with this Policy. In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without its approval, the Audit Committee, may direct additional actions as appropriate, including but not limited to, immediate discontinuation or rescission of the Related Party Transaction, or modification of the Related Party Transaction to make it acceptable for ratification. With respect to review of an Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this.

6. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

- a) All the transactions which are identified as Related Party Transactions should be Pre- approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.
- b) 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. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board or of shareholders as discussed subsequently at para 6(f).
- c) A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.
- d) The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to the omnibus approval. In

connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

- e) The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23(3) of the Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- f) In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the *ordinary course of business, or (ii) not at an **arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

* **Ordinary Course of Business** - shall mean all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing of guarantees or collaterals, in the normal routine in managing its trade and business and undertaken as per the Memorandum of Association of the Company.

** **Arm's Length Price** - means a price at which a transaction between two related parties is conducted as if they were unrelated, so that there is no conflict of interest.

- g) If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require shareholders' approval by a special resolution. In such a case, any member of the Company who is a Related Party, shall not vote on resolution passed for approving such Related Party Transaction.
- h) In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, or where due to any change in status of any party to an existing contract, a transaction under that contract could be classified as a Related Party Transaction, the Company would obtain post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/regulations. In case the Company is not able to take such prior approval from the Audit Committee, the Board and/or shareholders, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

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. DISCLOSURE:

Disclosure will be made in the Company's Annual Report of the particulars of the transactions/contracts/arrangements/modifications along with the justification for entering into such transactions/contracts/arrangements/modifications with the Related Parties as a part of Board's Report. The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the SEBI from time to time, and publish the same on its website. This Policy will also be uploaded in the website of the Company and the web link will be provided in the Annual Report.

9. INTERPRETATION AND REVIEW

In case of any subsequent changes in the provisions of the Companies Act, 2013, SEBI Listing Regulations or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law. This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors.

This Policy will be reviewed as and when required but at least once in three years.