

REAL GROWTH CORPORATION LIMITED

(Formerly known as Real Growth Commercial Enterprises Limited)

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

AND ON DEALING WITH RELATED PARTY TRANSACTIONS

1. PREAMBLE

This Policy on Materiality of Related Party Transactions and also on dealing with Related Party Transaction (“Policy”) is prepared and adopted to build a framework for the Related Party Transactions of Real Growth Corporation Limited (“the Company”), in accordance with the provisions of the Companies Act, 2013 and the relevant rules made there under and; as amended from time to time. Regulation 23 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (“LODR”) also requires to frame this Policy however, this Regulation is not applicable on the Company in terms of Regulation 15(2) of LODR. This Policy shall regulate the transactions between the Company and its Related Parties as per the requirements and disclosures under the applicable laws, rules and regulations.

2. PURPOSE OF THE POLICY

The Company has adopted this Policy as per the requirement of the Companies Act, 2013 and the relevant rules made there under (“the Act”) and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its Shareholders. 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.

3. APPLICABLE DEFINITIONS

For the purpose of the Policy the following terms shall have the meanings assigned to them hereunder:

3.1. “Act” means the Companies Act, 2013;

3.2. “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;

3.3. “Board or Board of Directors” means the Board of directors of **Real Growth Corporation Limited**;

3.4. "Committee" means the Audit committee as defined under the Companies Act, 2013;

3.5. "Company" means **Real Growth Corporation Limited**;

3.6. "Key Managerial Personnel or KMP" means key managerial personnel as defined under the provisions of the Companies Act, 2013;

3.7. "Material Related Party Transactions" means a transaction with a related party, if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual turnover as per the last audited financial statements of the Company;

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 two percent of the annual turnover of the Company as per the last audited financial statements of the Company.

3.8. "Policy" means Related Party Transaction Policy;

3.9. "Relative" means relative as defined as per Section 2(77) and the Companies (Specification of definition details) Rules, 2014;

3.10. "Related Party" means related party, if:

- (i) such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) such entity is a related party under the applicable accounting standards.

Provided that any person or entity belonging to the promoter or promoter group of the Company and holding 20% or more of shareholding in the Company shall be deemed to be a related party.

Explanation: A "transaction" with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

4. THE POLICY

Following is the structure of dealing with transactions with Related Parties with the Company:

- A. Identification of potential Related Party Transactions;
- B. Approval of Related Party Transactions; and
- C. Disclosure of Related Party Transactions.

4A. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS;

A. DETERMINATION OF RELATED PARTY TRANSACTION

In terms of the Companies Act, 2013, the transactions, which shall be considered as Related Party Transactions, if entered into between the Company and its Related Party through any contract or arrangement with respect to the provisions as prescribed in Section 188 of the Companies Act, 2013 and Listing Regulations:

- Sale, Purchase or Supply of any goods or materials;
- Selling or otherwise disposing of, or buying property of any kind;
- Leasing of property of any kind;
- Availing or rendering of any services;
- Appointment of any agent for purchase or sale of goods, materials, services or property;
- Such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company;
- Underwriting the subscription of any securities of the Company or derivatives thereof; and
- Any other transaction wherein transfer of resources, services or obligations is taking place with a related party, regardless of whether a price is charged.

B. NATURE OF TRANSACTION

All the potential Related Party Transactions shall be reviewed in detail by the Audit Committee. Audit Committee shall determine whether the said transaction is fair and is being carried out on an arm's length basis. Lastly, the Committee shall take note whether the Related Party Transaction would lead to an improper conflict of interest for any

director or Key Managerial Personnel of the Company or any Related Party. The criteria for determination of the same are mentioned below:

(i) Determination of Ordinary Course of Business

“In the Ordinary Course of Business” means all such acts and transactions undertaken by the Company-

- a. in the normal routine in managing trade or business;
- b. is permitted by the Memorandum of Association of the Company;
- c. the transaction fall under the purview of the business objectives, operational activities and/or financial activities or; and
- d. meet any such other criteria as may be decided by the Board/ Audit Committee.

(ii) Determination of Arms’ length nature of the Related Party Transaction

A related party transaction should be priced at the level at which unrelated parties would undertake ‘similar’ transaction under ‘similar’ conditions.

4B. APPROVAL OF RELATED PARTY TRANSACTIONS:

I. Approval of related party transactions

The related party transactions shall be undertaken based on the recommended actions of the Audit Committee and approved by the Board in its subsequent meeting. All Material Related Party Transactions and such other related party transactions which meets the criteria as prescribed under section 188 or other applicable provisions of the Act, shall require the approval of Shareholders in the general meeting, Further, in case of shareholders resolution, no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

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

- a. The Audit Committee shall with the approval of Board, define a criteria’s before granting any omnibus approval based on the factors given below.

- maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
 - the maximum value per transaction which can be allowed;
 - extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made; and
 - transactions which cannot be subject to the omnibus approval by the Audit Committee.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- c. 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 and (iii) such other conditions as the Audit Committee may deem fit (iv) such other information which is relevant or important for the Audit Committee to take a decision on the proposed transaction;

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.

- d. 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.
- e. Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.
- f. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

4C. DISCLOSURES OF RELATED PARTY TRANSACTIONS

- i. Every related party transaction entered into shall be disclosed in the Board's report to the Shareholders along with the justification for entering into such contract or arrangement.
- ii. Adequate disclosure of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- iii. The Company shall disclose the Policy on dealing with Related Party Transactions on its website and also a web link thereto shall be provided in the Annual Report.
- iv. A register of Related Party Transactions shall be maintained as per the Companies Act, 2013 and placed before the Board.

5. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

BY AUDIT COMMITTEE

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 Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the Board/shareholders, payment of compensation for the loss suffered by the related party etc.

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

BY BOARD AND SHAREHOLDERS

If any related party transaction is entered without obtaining the consent of the Board or approval by a resolution in the general meeting as required under Companies Act, 2013 the same need to be get ratified by the Board or the shareholders, as the case may be, within three months from the date on which such related party transaction was entered into. The Board shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to it under this Policy and shall take any such action it deems appropriate.

If the related party transaction has not ratified by board or shareholders as mentioned above, such related party transaction shall be voidable at the option of the Board and if the related party transaction is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

6. SPECIFIC LIMIT FOR RELATED PARTY TRANSACTION

1. For the material related party transactions, the company shall comply the provisions of the Companies Act, 2013 and Rules framed thereunder.
2. The Specific limit for a related party transaction may be set by the Audit Committee under 'Omnibus Approval' on Annual Basis (Financial Year wise) subject to provisions of the Companies Act, 2013 and Rules framed thereunder.

7. REVIEW OF THE POLICY

The policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

8. AMENDMENTS TO THE POLICY

In case of any subsequent changes in the provisions of the Companies Act, 2013, or any other regulations which makes any of the provisions in the Policy inconsistent with them, then such provisions would prevail over the Policy.

The Board of directors of the Company reserves the right to modify and/or amend this Policy at any time subject to the provisions of the Companies Act, 2013 and Rules framed thereunder.

9. INTERPRETATION

This policy has been framed in conformity with applicable provisions of The Companies Act, 2013 readwith Rules framed thereunder.

All other provisions, words and expressions used but not defined or unexplained in this policy but defined/explained in the applicable provisions of the Companies Act, 2013 including Rules framed thereunder, shall have the same meaning/interpretation as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.