

Parsvnath Developers Limited

Registered Office: Parsvnath Metro Tower, Near Shahdara Metro Station, Shahdara, Delhi - 110032

CIN: L45201DL1990PLC040945; **Phone No:** 011-43010500, 011-43050100; **Fax No:** 011-43050473

e-mail address: secretarial@parsvnath.com; **Website:** www.parsvnath.com

RELATED PARTY TRANSACTION POLICY

1. Preamble

The Board of Directors ("Board") of Parsvnath Developers Limited ("the Company"), has adopted the following policy and procedures with regard to Related Party Transactions as defined below.

This Policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

2. Purpose

This Related Party Transaction Policy ("Policy") has been modified in consistent with the requirements of Regulation 23 of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and approved by the Board of Directors of the Company at its meeting held on 11th June, 2022 on the recommendation of the Audit Committee, and is intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions shall be treated 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 the transactions between the Company and Related Parties as well as policies concerning such transactions with Related Parties.

3. Definitions

- 3.1 "Act" means the Companies Act, 2013 and the rules made thereunder, as amended from time to time.
- 3.2 'Arm's Length Transaction' means a transaction between the Company and its Related Party (ies) (*defined hereinafter*) that is conducted as if they were unrelated, so that there is no conflict of interest. The term 'Arm's Length' shall be construed accordingly.
- 3.3 "Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under the provisions of the Section 177 of the Companies Act, 2013 and Listing Regulations.
- 3.4 'Associate Company', in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation.—For the purpose of this clause-



Parsvnath Developers Limited

Registered Office: Parsvnath Metro Tower, Near Shahdara Metro Station, Shahdara, Delhi - 110032

CIN: L45201DL1990PLC040945; **Phone No:** 011-43010500, 011-43050100; **Fax No:** 011-43050473

e-mail address: secretarial@parsvnath.com; **Website:** www.parsvnath.com

- (i) the expression “significant influence” means control of at least twenty percent of total voting power, or control of or participation in business decisions under an agreement;
 - (ii) the expression “joint venture” means a joint arrangement whereby the parties that have joint control
- 3.5 “Board or Board of Directors”** means Board of Directors of the Company.
- 3.6 “Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- 3.7 “Insolvency Code”** means the Insolvency and Bankruptcy Code, 2016 [No. 31 of 2016].
- 3.8 “Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013 and includes:
- (i) Managing Director, or Chief Executive Officer or the Manager;
 - (ii) Company Secretary
 - (iii) Whole Time Director
 - (iv) 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 person as may be prescribed
- 3.9 “Listing Regulations”** means Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- 3.10 “Policy”** means Related Party Transaction Policy.
- 3.11 “Promoter”** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.
- 3.12 “Promoter Group”** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.
- 3.13 “Related Party”**- An entity shall be considered as related to the Company 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.



Parsvnath Developers Limited

Registered Office: Parsvnath Metro Tower, Near Shahdara Metro Station, Shahdara, Delhi - 110032

CIN: L45201DL1990PLC040945; **Phone No:** 011-43010500, 011-43050100; **Fax No:** 011-43050473

e-mail address: secretarial@parsvnath.com; **Website:** www.parsvnath.com

Explanation: As per Section 2(76) of the Act, **Related party**, with reference to a Company, means;

- (i) a director or his relative
- (ii) a Key Managerial Personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) any body corporate which is—
 - (A) a holding, subsidiary or an associate company of such company;
 - (B) a subsidiary of a holding company to which it is also a subsidiary i.e. fellow subsidiary; or
 - (C) an investing company or the venture of the company. The investing company or the venture of a company means a body corporate whose invest in the company would result in the company becoming associate company of the body corporate.
- (ix) such other person as may be prescribed i.e. a director (other than an independent director) or key managerial personnel of the holding company or his relative.

The Following person/entity shall also be treated as the Related Party:

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (b) any person or any entity, holding equity shares:
 - (i) of twenty per cent or more; or
 - (ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

3.14 “Relative” means relative as defined under the Companies Act, 2013 and includes any one who is related to another, if –

- i. They are members of a Hindu Undivided Family;
- ii. They are husband and wife ; or



Parsvnath Developers Limited

Registered Office: Parsvnath Metro Tower, Near Shahdara Metro Station, Shahdara, Delhi - 110032

CIN: L45201DL1990PLC040945; **Phone No:** 011-43010500, 011-43050100; **Fax No:** 011-43050473

e-mail address: secretarial@parsvnath.com; **Website:** www.parsvnath.com

- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son's wife
- vii. Daughter
- viii. Daughter's husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

3.15 **"Related Party Transaction (RPT)"** means a transaction involving a transfer of resources, services or obligations between the Company and the Related Party, regardless of whether a price is charged:

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

The RPT shall include transactions between-

- (i) the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
- (ii) the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries, with effect from April 1, 2023;

However, the following transactions shall not be considered as related party transactions:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. sub-division or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.

3.16. "Material Related Party Transactions"

- (i) A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or 10% of the annual



Parsvnath Developers Limited

Registered Office: Parsvnath Metro Tower, Near Shahdara Metro Station, Shahdara, Delhi - 110032

CIN: L45201DL1990PLC040945; **Phone No:** 011-43010500, 011-43050100; **Fax No:** 011-43050473

e-mail address: secretarial@parsvnath.com; **Website:** www.parsvnath.com

consolidated turnover of the Company as per the last Audited Financial Statements of the Company, whichever is lower.

- (ii) 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% of the annual consolidated turnover of the Company as per the last Audited Financial Statements of the Company.

The Board of Directors of the Company, on the recommendation of the Audit Committee, at its meeting held on 11th June, 2022 has approved the following threshold limit for determining the materiality of Related Party Transactions for the purpose of Regulations 23(1), 23(1A) and 23(4) of the Listing Regulations:

- Payment to a Related Party with respect to brand usage or royalty: 5% of the annual consolidated turnover of the Company as per its last Audited Financial Statements.
- Other transactions with a Related Party: rupees one thousand crore or 10% of the annual consolidated turnover of the Company as per its last Audited Financial Statements, whichever is lower.

3.17 "Material Modification" means any modifications to the related party transactions which were approved by the Audit Committee or Shareholders (in case of a material related party transaction) (i) where the variation exceeds 20% of the originally approved transaction, in case of any monetary modification; or (ii) which, in the opinion of the audit committee, significantly alters the nature or commercial terms of the transaction.

4. Policy

4.1 All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee of the Company and only those members of the audit committee, who are independent directors, shall approve related party transactions.

A Related Party Transaction (including Material Modifications) to which a subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten percent (10%) of the annual consolidated turnover, as per the last audited financial statements of the Company.

With effect from 1st April 2023, a Related Party Transaction (including Material Modifications) to which a subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of



Parsvnath Developers Limited

Registered Office: Parsvnath Metro Tower, Near Shahdara Metro Station, Shahdara, Delhi - 110032

CIN: L45201DL1990PLC040945; **Phone No:** 011-43010500, 011-43050100; **Fax No:** 011-43050473

e-mail address: secretarial@parsvnath.com; **Website:** www.parsvnath.com

such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten percent (10%) of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

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 SEBI Listing Regulations are applicable to such listed subsidiary.

4.2 The Audit Committee may grant omnibus approval for upto one year, to one or more proposed Related Party Transactions in accordance with Regulation 23(3) of the Listing Regulations read with the proviso to Section 177(4)(iv) of the Act and Rule 6A of the Companies (Meetings of Board and Its Powers) Rules, 2014, subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature.
- 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;

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, 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.
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year,

4.3 All the Material Related Party Transaction and subsequent material modification shall require approval of the shareholders. No Related Party shall vote to approve such resolution, irrespective of whether they are party to the particular transaction or not.



Parsvnath Developers Limited

Registered Office: Parsvnath Metro Tower, Near Shahdara Metro Station, Shahdara, Delhi - 110032

CIN: L45201DL1990PLC040945; **Phone No:** 011-43010500, 011-43050100; **Fax No:** 011-43050473

e-mail address: secretarial@parsvnath.com; **Website:** www.parsvnath.com

Provided that prior approval of the shareholders of the Company 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 the Listing Regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of the Company as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

Provided that these requirements shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the Stock Exchanges within one day of the resolution plan being approved.

- 4.4** All Related Party Transactions prescribed under Section 188 of the Companies Act, 2013 which are either not in the ordinary course of business or are not at arm's length, shall require prior approval of :

- (i) Board ; and
- (ii) Shareholders, if the value of the transaction exceeding the threshold limits prescribed in the Act **as per Annexure-1.**

All entities falling under the definition of Related Parties shall not vote to approve the relevant transaction, irrespective of whether the entity is party to the particular transaction or not. Where such transaction is with a wholly owned subsidiary, the resolution passed by the Holding company shall be sufficient.

- 4.5** All Related Party Transactions, post facto, shall be reviewed by the Committee on quarterly basis.

4.6 Review of Related Party Transactions

To review a Related Party Transaction, the Audit Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the 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 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 for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;



Parsvnath Developers Limited

Registered Office: Parsvnath Metro Tower, Near Shahdara Metro Station, Shahdara, Delhi - 110032

CIN: L45201DL1990PLC040945; **Phone No:** 011-43010500, 011-43050100; **Fax No:** 011-43050473

e-mail address: secretarial@parsvnath.com; **Website:** www.parsvnath.com

- ✓ 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 as a result 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
- ✓ 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.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

4.7 Clause 4.1, 4.2, 4.3 and 4.4 (II) shall not be applicable to:

- (i) Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- (ii) Transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

5. Related Party Transactions not previously approved

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy, the transaction shall be placed as promptly as practicable before the Audit Committee or Board of Directors or the Shareholders as may be in accordance with this Policy for review or ratification.

The Audit Committee or Board of Directors or the Shareholders shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall



Parsvnath Developers Limited

Registered Office: Parsvnath Metro Tower, Near Shahdara Metro Station, Shahdara, Delhi - 110032

CIN: L45201DL1990PLC040945; **Phone No:** 011-43010500, 011-43050100; **Fax No:** 011-43050473

e-mail address: secretarial@parsvnath.com; **Website:** www.parsvnath.com

evaluate all options available to the Company, including but not limited to ratification, revision or termination of such transaction and the Company shall take such action as the Audit Committee deems appropriate under the circumstances.

6. Disclosures

- 7.1 Particulars of Related Party Transactions shall be disclosed in such manner as may be prescribed under the Listing regulations and/or the Companies Act, 2013 (including rules made thereunder), from time to time.
- 7.2 Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- 7.3 This Policy shall be disclosed on the Company's website www.parsvnath.com and a web link thereto shall be provided in the Annual Report of the Company.

7. Review / Amendment

The Board/Audit Committee may amend, abrogate, modify or revise any or all clauses of this Policy.

8. Interpretation

In any circumstance where the terms of the Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over these policies and procedures until such time as these Policies and Procedures are changed to conform to the law, rule, regulation or standard.



Parsvnath Developers Limited

Registered Office: Parsvnath Metro Tower, Near Shahdara Metro Station, Shahdara, Delhi - 110032

CIN: L45201DL1990PLC040945; **Phone No:** 011-43010500, 011-43050100; **Fax No:** 011-43050473

e-mail address: secretarial@parsvnath.com; **Website:** www.parsvnath.com

ANNEXURE 1

Transactions that, require prior approval of Shareholders of the Company, as prescribed under rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, includes the transactions/contracts/ arrangements as follows :

(A) As contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of Section 188, with criteria as mentioned below -

- (i) Sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company , as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
- (ii) Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company , as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
- (iii) Leasing of property any kind amounting to ten per cent or more of the turnover of the company, as mentioned in clause (c) of sub-section (1) of section 188;
- (iv) Availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188:

These limits shall however, apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- (B) is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188.
- (C) is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

Explanation.- The turnover or net worth referred in the above sub-rules shall be computed on the basis of the audited financial statement of the preceding financial year.

