



POLICY ON RELATED PARTY TRANSACTIONS OF THE COMPANY

1. Scope and Purpose

- 1.1 This policy on Related Party Transactions (hereinafter referred to as "**RPT Policy**" or "**Policy**") of TruAlt Bioenergy Limited ("**TruAlt**" or "**the Company**") is framed considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (the "**Act**") read with the Rules framed there under and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, ("**SEBI LODR**") including SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulation 2021. TruAlt has formulated the RPT policy and guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.
- 1.2 Regulation 23(1) of the SEBI LODR requires a company to formulate a policy on materiality of Related Party Transactions ("**RPTs**") and dealing with RPTs. Regulation 23(2) of the SEBI LODR also requires defining material modifications of RPTs and disclosing it as part of the RPT policy.
- 1.3 This Policy has been adopted by the Board of Directors of the Company on 21st March 2024 based on recommendations of the Audit Committee of the Company. Going forward, the Audit Committee would review and amend the RPT Policy, as and when required, subject to the approval of the Board. In addition to the above, this Policy shall be reviewed by the Board of Directors at least once in three years and updated accordingly.

2. Objective of the Policy

The objective of this Policy is to set out (a) the manner of dealing with the transactions between the Company and its related parties and (b) the materiality thresholds for RPTs, based on the Act, SEBI LODR and any other statute as may be applicable to the Company.

3. Definitions

- 3.1 "**Act**" means the Companies Act, 2013 including any statutory modification or re-enactment thereof for the time being in force.
- 3.2 "**Applicable Law(s)**" includes (a) the Act and the rules made thereunder; (b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, any other statute, law, standards, regulations or other governmental instruction relating to RPTs and amendments made thereto.



- 3.3 **“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.
- 3.4 **“Beneficial Interest”** means “beneficial interest in a share includes, directly or indirectly, through any contract, arrangement or otherwise, the right or entitlement of a person alone or together with any other person to—
(i) exercise or cause to be exercised any or all of the rights attached to such share; or
(ii) receive or participate in any dividend or other distribution in respect of such share”.
- 3.5 **“Material Related Party Transaction(s)”** 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 ₹ 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.
- Notwithstanding the above, in case of transaction involving payment to a related party for brand usage or royalty, it will 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.
- 3.6 **“Material Modification(s)”** means and include any modification to an existing RPTs, in aggregate with a related party, having variance of 25% in value of the transaction already approved by the Audit Committee or Board or Shareholders, as the case may be, or such modification as may be decided by the Audit Committee.
- 3.7 **“Ordinary course of business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per its Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.
- 3.8 **“Related Party”** means a related party as defined under sub-section (76) of section 2 of the Act or under the applicable accounting standards:
Provided that:
(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;



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

3.9 **"Related Party Transaction(s)"** or **"RPTs"** shall have the same meaning as specified under the Act and Rules made thereunder and Regulation 2(1)(zc) of the SEBI LODR, as amended and shall mean a transaction involving a transfer of resources, services or obligations between:

- a. the Company or any of its subsidiaries on the one hand and a related party of the Company or any of its subsidiaries on the other hand;
 - b. 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,
- regardless of whether a price is charged and a transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Following shall not be considered RPTs of the Company in terms of SEBI LODR:

- 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 Company which are uniformly applicable / offered to all shareholders in proportion to their shareholding:
 - (i) payment of dividend by the Company;
 - (ii) subdivision or consolidation of securities by the Company;
 - (iii) issuance of securities by way of a rights issue or a bonus issue and
 - (iv) buy-back of securities

"Relative" means relative as defined under sub-section (77) of Section 2 of the Act and rules prescribed there under and Regulation 2(zd) of SEBI LODR:

3.10 **"SEBI LODR"** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereof, Indian Accounting Standards; and or any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.



4. Manner of dealing with Related Party Transactions and materiality thresholds

a) *Identification of related parties*

- i. The Company shall identify related parties as per the definition provided in the Act and SEBI LODR.
- ii. The Company shall obtain the list of related parties of its Subsidiary companies, if any, as per the definition provided in the Act and SEBI LODR.
- iii. The Company shall regularly verify and update the Related Party List and review and confirm (at least once a quarter) in accordance with the Act and SEBI LODR.

b) *Materiality of Related Party Transactions*

As per SEBI LODR:

- i. Any transaction with a related party, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or ₹ 1,000 crore, whichever is lower.
- ii. 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% of the annual consolidated turnover of Company as per the last audited financial statements of Company.

As per the Companies Act, 2013:

- i. RPTs falling under Section 188(1) of the Act read with Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, as amended from time to time and exceed limits provided under the said rules.

c) *Procedure for approval of Related Party transactions*

Approval of the Audit Committee:

- i. Prior approval of the Audit Committee is required for:
 - a) All RPTs, and subsequent material modifications to the transaction with Related Parties as per the provisions of the SEBI LODR.
 - b) A RPT to which the subsidiary of a Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten percent of the annual consolidated turnover, as per the last audited financial statements of the Company.



- c) An RPT to which the subsidiary of a Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten percent of the annual standalone turnover, as per the last audited financial statements of the subsidiary company.
- ii. Prior approval of the Audit Committee shall not be required for:
 - a. RPTs, where the listed subsidiary is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI LODR are applicable to such listed subsidiary.
Explanation: For RPTs of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the audit committee of the listed subsidiary shall suffice.
 - b. RPTs of unlisted subsidiaries of the listed subsidiary of the Company, where the prior approval of the Audit Committee of the listed subsidiary is obtained.
 - c. RPT or subsequent material modifications of RPT (other than those RPT stipulated under Section 188 of the Act) entered into 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.
 - d. RPT entered into 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.
- iii. Members of the Audit Committee, who are independent directors, shall approve RPTs.
- iv. The Company may obtain omnibus approval from the Audit Committee for RPTs where the Company is a party. Omnibus approval from the Audit Committee can also be granted in case the transactions are entered between subsidiaries and other related parties, where the Company is not a party to the transaction subject to compliance with the conditions stipulated under the Act read with the Rules framed thereunder and the SEBI LODR including the following:
 - v. The Audit Committee shall lay down the criteria/Framework and Guidelines 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 (either in the past or in the future);
 - vi. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- vii. The omnibus approval shall specify
 - a. the name/s of the related party, nature of transaction, period of transaction, maximum amount of transactions, that can be entered into



- b. the indicative base price / current contracted price and the formula for variation in the price if any, and
- c. such other conditions as the Audit Committee may deem fit.

Provided that where the need for RPT cannot be foreseen and the aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 1 crore per transaction;

- viii. The Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approvals given;
- ix. 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.
- x. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- xi. In an unforeseen event where a Related Party Transaction, for which Omnibus approval has not been given by the Audit Committee, needs to be entered due to business exigencies between two Audit Committee meetings, the Audit Committee may approve such Related Party Transaction by passing a resolution by circulation, after satisfying itself that such transaction is in the interest of the Company.
- xii. For each category of transaction identified as per the Clause 4(a) of this policy, the Company has framed specific Framework and Guidelines explaining the arm's length criteria to be followed by the Company while entering into transactions falling under contracts and agreements with related parties identified. The Company, while entering into RPTs will ensure adherence with the Framework and Guidelines and will maintain necessary documents for the same.
- xiii. While assessing a proposal put up before the Audit Committee for approval, the Audit Committee shall take into account all relevant facts and circumstances including the type, nature, material terms and particulars of the transaction, the business purpose of the transaction, the benefits to the Company and to the related party, and review the following documents/ seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:
 - a. Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
 - b. Tenure of the proposed transaction (particular tenure shall be specified);
 - c. Value of the proposed transaction;
 - d. The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for an RPT involving a subsidiary, such percentage



calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided)

- e. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary;
 - f. details of the source of funds in connection with the proposed transaction;
 - g. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness
 - cost of funds and
 - tenure
 - h. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - i. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
 - j. Justification as to why the RPT is in the interest of the Company.
 - k. A copy of the valuation or other external party report, if any such report has been relied upon.
 - l. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis.
 - m. Any other relevant information or such information as may be prescribed under SEBI LODR.
- xiv. The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis
- xv. Prior to the approval, the Audit Committee shall, inter alia, consider the following factors to the extent relevant to the transaction:
- (a) Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
 - (b) The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
 - (c) Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and



- (d) Whether the Related Party Transaction would affect the independence or present a 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, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, 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 Committee deems relevant.

While considering the arm's length nature of the transaction, the Audit Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Audit Committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

- xvi. In case of transactions, other than transactions referred to in Section 188 of the Act and where the Audit Committee does not approve any transaction, it shall make its recommendation to the Board.
- xvii. Any Member of the Audit Committee, who has a potential interest in any Related Party Transaction, will recuse himself or herself and abstain from voting on the approval or ratification of such Related Party Transaction. Such Member may, however, participate in discussions with respect to other Related Party Transactions placed for approval or ratification of the Audit Committee.

d) Approval of the Board of Directors of the Company

- i. As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section, which are not in the ordinary course of business or at arm's length basis, shall be placed before the Board for its approval. Such approval shall be granted only by means of a Resolution passed at a Meeting of the Board. The Company may if it considers necessary and shall if the Audit Committee or Board so requires, seek external professional opinion to determine whether an RPT is in the ordinary course of business and/ or at arms' length.
- 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 which may be in the ordinary course of business and at arm's length basis, but which, as per the Policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;



- b. 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;
 - c. Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
 - d. Material RPTs and subsequent material modifications to such transactions, which are intended to be placed before the shareholders for approval.
- iii. Where any director is interested in any contract or arrangement with a related party, such director shall not participate during discussions and vote on the subject matter of the resolution related to such contract or arrangement

e) Approval of the Shareholders of the Company

- i. All the Material RPTs, and subsequent material modifications to the transaction with Related Parties as per the provisions of the SEBI LODR, shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not. In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business or are not at arm's length basis; and (b) exceed the thresholds laid down in Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, shall be placed before the shareholders for approval.
- ii. Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity 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 a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

- iii. The requirement for seeking Shareholders' approval shall not be applicable to transactions between the Company and its wholly-owned subsidiary(ies) whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- iv. Further, the requirement for seeking shareholders' approval shall not be applicable for RPTs between the 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.



- v. No related party shall vote to approve such resolutions irrespective of whether the entity is a related party to the particular transaction or not.
- vi. The following information shall be provided to the shareholders while seeking their approval for RPTs:
 - a) A summary of the information provided by the management of the Company to the audit committee
 - b) Reasons/justification for why the proposed transaction is in the interest of the Company;
 - c) Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
 - i. details of the source of funds in connection with the proposed transaction;
 - ii. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
 - d) A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
 - e) Percentage of the counter party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
 - f) Any other relevant information or such information as may be prescribed under SEBI LODR.

5. Ordinary Course of Business

In parlance to the general principles laid down in the Act and the definition for Ordinary Course of Business, below Framework and Guidelines shall provide for determining whether transactions are in the ordinary course of business:

Key factors which the management of the Company may consider in making its assessment for ordinary course of business of the Company:



- a) Whether the transaction is covered in its Memorandum of Association: If the transaction is covered in the objects clause of the Memorandum of Association then it is likely to be in ordinary course of business of the company.
- b) Whether a transaction is usual or unusual: Although a Company would be outsourcing its IT processes for the first time, if that is a norm in the industry in which it operates the transaction is not unusual. Hence, whilst deciding the usualness or otherwise of a transaction, one should not restrict oneself only to the company and its past history; rather, a wider perspective covering line of business.
- c) Frequency: If a transaction occurs frequently over a period of time, the more likely it is to be an ordinary part of the business. However, the inverse of this does not necessarily hold true.
- d) Business purpose of the transaction and whether transaction is done on similar basis with other third parties: The Company would consider transactions to be in the ordinary course of business which include those that form part of the revenue from operations, the costs of goods / products sold and the normal expenses incurred for operating the business uninterruptedly or part of capital asset like replacement / maintenance of fixed assets (considering the business rationale and without any complicated terms and conditions as compared to transactions with independent third parties) A transaction proposed to be disclosed as part of other income or other expenses, exceptional or extraordinary may generally be assessed on a case to case basis as to whether they could be considered to be in the ordinary course of business.
- e) Size and volume of transaction: The materiality of the transaction in terms of its value may be considered.

6. Disclosure and Reporting

- a) Details of the RPTs during the quarter shall be disclosed in the Audit Committee and Board meeting.
- b) The Company shall disclose to the Stock Exchanges along with the compliance report on corporate governance on a quarterly basis, details of all material RPTs with related parties.
- c) In addition, the Company shall also submit to the stock exchanges disclosures of RPTs in the format as specified by the SEBI from time to time, and publish the same on its website in accordance with the SEBI LODR. Provided that, the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financials results.
- d) Board's Report shall contain details of RPTs as required under applicable law.
- e) The Company shall maintain registers of related party transaction(s)
- f) This Policy shall be communicated to all concerned employees and other persons of the Company at all locations for implementation and reporting.



- g) The Company shall disclose the Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions on its website and provide weblink in the Annual Report.

7. Related Party Transactions not approved under the policy

In case the Audit Committee becomes aware of any Related Party Transaction that has not been approved under the Policy, 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 or termination of the said Related Party Transaction. The Audit Committee may examine the facts and circumstances of the case and take such action as it may deems appropriate. In the event the Committee decides to ratify the contract or arrangement, such contract or arrangement must be ratified within three months from the date on which the contract or arrangement has been entered into by the Board or the Shareholders as the case.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee, in so far as the same are not in conflict with the provisions of the Listing Regulations in force (as amended from time time):

- a. Any transaction entered into between the company and its wholly owned subsidiary, if any, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- b. Any transaction entered into by the Company in its ordinary course of business other than transactions which are not on an arm's length basis
- c. Any transaction arising out of compromise, arrangement and amalgamation dealt with under specific provisions of the Act

8. Amendments

The Board may subject to applicable laws, amend any provisions(s) or substitute any of the provisions(s) with the new provision(s) or replace the RPT Policy entirely with a new policy. The RPT Policy is subject to review from time to time. In the event of any conflict between the provisions of this RPT Policy and applicable laws, the provisions of such applicable laws shall prevail over this Policy

9. Interpretation

In any circumstance where the terms of this policy differs from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this policy and procedures until such time as this policy is changed to conform to the law, rule, regulation or standard.
