



EVEREST ORGANICS LIMITED

POLICY ON RELATED PARTY TRANSACTION

Registered Office:

**Aroor Village, Sadasivapet Mandal,
Medak District, Telangana - 502 291
India**

Telephone - 08455-250113

Fascimile - 08455-250114

Email Id - drsksraju@yahoo.co.in

CIN: L24230TG1993PLC015426

Corporate Office:

**Plot No. 127 & 128, 1st Floor,
Amar Co-Op. Society, Opp: Madhapur
Police Station Road, Near Durgam Cheruvu,
Hyderabad - 500 033, Telangana, India**

Telephone - 040 - 23115956

Fascimile - 040 - 23115954

Website - www.everestorganicsltd.com



EVEREST ORGANICS LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. PREAMBLE:

The Board of Directors (the “Board”) of Everest Organics Limited (the “Company”) has adopted this policy upon the recommendation of the Audit Committee in compliances with the requirements of Section 188 of the Companies Act, 2013 and Clause 49 of the listing Agreement with the Stock Exchanges. The policy envisages the procedure governing Related Party Transactions required to be followed by Company to ensure compliance with the Law and Regulation. The Audit Committee will review the same from time to time and propose amendment required in the policy to the Board of Directors.

2. OBJECTIVE:

The changes introduced in the Corporate Governance norms through the Companies Act, 2013 and the rules made thereunder (“CA2013”) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”), as amended from time to time, require the companies to have enhanced transparency and due process for approval of the Related Party Transactions.

One such requirement of SEBI LODR Regulations is that the companies are required to formulate a policy on ‘Materiality of Related Party Transactions and also on dealing with Related Party Transactions’.

The Board of Directors (the “Board”) of Everest Organics Limited has adopted Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions (this “Policy”) to set forth the procedures under which the transactions with Related Parties shall be considered for approval/ratification.

3. DEFINITIONS:

“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.



“Audit Committee” means Committee of Board of Directors of the Company constituted under provisions of the Listing agreement as well as the Companies Act, 2013.

“Associate Company” means a Company which has significant influence but which is not a subsidiary of the Company having such influence and includes a joint venture Company.

“Board” means Board of Directors of the Company.

“Company” means Everest Organics Limited.

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

“Key Managerial Personnel” mean key managerial personnel as defined under the Companies Act, 2013 as under:

- i. Managing Director, or Chief Executive Officer and in their absence the manager,
- ii. Whole-time Director;
- iii. Company Secretary;
- iv. Chief Financial Officer; and
- v. such other Officer as may be prescribed under Companies Act, 2013 and Rules framed thereunder.”

“Material Related Party Transaction” means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds the thresholds/criteria as defined under the CA2013 or SEBI LODR Regulations.

“Ordinary Course of Business” means a transaction which is

- a. The objects of the company permit the activities undertaken;
- b. There is a historical practice to conduct such activities;
- c. There is a pattern of frequency to conduct such activities over a period of time; and
- d. The transactions are common in industrial practice.



“Policy” means this Policy as amended from time to time.

“Related Party” in relation to the Company means a party related with the Company in any of the ways as are laid down in section 2(76) of the CA2013 or Regulation 2(zb) of SEBI LODR Regulations, as amended from time to time.

“Related Party Transaction” (“RPT”) have the meaning as defined under Regulation 2(1)(zc) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, as amended, transfer of resources, services or obligations between a listed entity and a related party, regardless of whether 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, including but not limited to the following –

- 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 purchase or sale of goods, materials, services or property;
- f. appointment to any office or place of profit in the company;
- g. underwriting the subscription of any securities or derivatives thereof, of the company.

“Relative” shall have the same meaning as assigned to it under section 2(77) of the Companies Act, 2013 and the Rules made thereunder and the Listing Agreement.

“Significant Influence” means control of at least 20% of the total share capital or of business decisions under an agreement.

“Senior Management Personnel” shall mean officers/personnel of the Company who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the “chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.



4. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS:

Every Director, Key Managerial Personnel and Senior Management Personnel are responsible for providing notice to the Board or the Audit Committee, of any potential Related Party Transaction involving him/her or his/her relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

All Directors are required to declare and disclose their concerns or interests in any company or companies or bodies corporate at the first Board meeting in every financial year and subsequently whenever there is any change in disclosures. In addition, the Directors shall ensure that any business transactions entered into between the Company and themselves comply with the terms of this Policy.

The Company prefers to receive such notice (or any changes thereof) of any potential Related Party Transaction, well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction. The Board/Audit Committee will determine whether the transaction requires compliance with this policy or not.

5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS:

(a) APPROVAL OF THE AUDIT COMMITTEE:

All Related Party Transactions require prior approval of the Audit Committee. However the Company may obtain omnibus approval from the Audit Committee for such transactions subject to the compliance with the following conditions:

- i. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.



- ii. The Audit Committee shall satisfy itself the need for such omnibus approval for transaction of repetitive nature and that such approval is in the interest of the company;
- iii. The omnibus approval shall provide details of (i) the name/s of the related party, nature of transaction, period of transaction, maximum aggregate value of the particular type of transaction that can be entered into, (ii) basis of arriving at 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.

- iv. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the company pursuant to the omnibus approval given;
- v. Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.
- vi. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.
- vii. Any other conditions as the Audit Committee may deem fit

(b) APPROVAL OF BOARD OF DIRECTORS:

The Board shall approve such Related Party Transactions as are required to be approved under Act and/or Listing Regulations and /or transaction referred to it by the Audit Committee. In addition to the above, the following kinds of transactions with related parties shall also place 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 Audit Committee's view requires Board approval.
- c) Material Related Party Transactions as well as Related Party Transactions requiring shareholders' approval under Section 188 of the Companies Act, 2013 and Rules made thereunder, which are intended to be placed before the shareholders for approval.

Where any director is interested in any Related Party Transaction, such director shall not remain present at the meeting when Related Party Transactions is considered.

Further, all such Related Party Transactions exceeding the threshold limits prescribed in the Act shall also require prior approval of shareholders of the Company and Related Party/ies shall abstain from voting on such resolution.

All the Related Party Transactions shall be approved by the Board of Directors of the Company, except the following:

- (i) transactions entered into by the company in its ordinary course of business;
- (ii) transactions which are at an arm's length basis.

All the Material Related Party Transactions as per Listing Agreement shall be approved by the Board of Directors of the Company.

(c) APPROVAL OF SHAREHOLDERS

In Compliance with Listing Regulations, all the material Related Party Transactions shall require approval of shareholders and the Related Party/ies shall abstain from voting on such resolution.

In case the shareholders decide not to approve a Related Party Transaction, the Board/Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or recession of the



transaction, or modification of the transaction to make it acceptable to shareholders for approval.

Further, any transactions not covered above but covered under the section 188 of the Companies Act 2013 shall be approved by the Shareholders through a special resolution and the concerned related party(ies) which are related to that transaction shall not vote on such resolution.

(d) RELATED PARTY CONTRACTS ENTERED WITHOUT PROPER APPROVAL OF BOARD/SHAREHOLDERS:

In the event the Company becomes aware of any transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction (including reasons of failure to report such transaction) and evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction.

6. REVIEW & MONITORING OF RELATED PARTY TRANSACTIONS:

The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given. However, such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

7. FOLLOWING TRANSACTIONS NOT TO BE CONSIDERED AS RELATED PARTY TRANSACTIONS:

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

1. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.



2. 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.
3. Any transaction arising out of Compromises, Arrangements and Amalgamations dealt with under specific provisions of the Companies Act, 1956/ Companies Act, 2013.

8. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:

In the event the Company becomes aware of any transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction (including reasons of failure to report such transaction) and evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction.

9. DISCLOSURES/AMENDMENT:

The Company shall make the following disclosures:

- a. The particulars of the related party transactions not at arm's length basis and/or material related party transactions shall be made in the Board's Report which forms a part of the Company's Annual Report.
- b. This Policy shall also be uploaded on the website of the Company and a web link thereto shall be provided in the Annual Report.
- c. The details of all material transactions with related parties shall be disclosed on a quarterly basis along with the compliance report on corporate governance filed with the stock exchanges under SEBI LODR Regulations.
- d. Quarterly/Periodical update to the Audit Committee/Board, if applicable, on all the related party transactions entered into by the Company.
- e. Such other disclosures as may be prescribed by the CA2013 and SEBI LODR Regulations, Accounting Standards and applicable regulations from time to time.



10. POLICY REVIEW AND AMENDMENTS:

The Board of Directors reserves the power to review and amend this policy from time to time. Any exceptions to the Policy on Related Party Transactions must be consistent with the Companies Act 2013, including the Rules promulgated there under and Listing Regulations and must be approved in the manner as may be decided by the Board of Directors.
