COCHIN MINERALS AND RUTILE LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1) LEGAL BACKGROUND

Cochin Minerals and Rutile Limited ("the Company"/"Listed Entity") believes in and is committed to the highest standards of transparency, probity, integrity, accountability and ethical behavior in the conduct of its business.

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the Company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("the Listing Regulations"), The Company has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Regulation 23(1) of the Listing Regulations requires a Company to formulate a policy on materiality of related party transactions and on dealing with related party transactions. Further, Regulation 23(2) requires the Audit Committee to define material modification and disclose it as a part of the policy.

In light of the above, the Company has framed this **Policy on Related Party Transactions ("Policy")**. This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee and shall be **effective from 24th August 2024**.

2) DEFINITIONS

"**Arm'sLengthTransaction"**meansatransactionbetweentworelatedpartiesthatisconductedasifth eyare u related, so that there is no conflict of interest;

"Audit Committee" means the Committee of Board of Directors of the Company constituted under section 177 of Act and Regulation 18 of the Listing Regulations;

"Board" or "Board of Directors" shall mean the Board of directors of the Company;

"Company" shall mean Cochin Minerals and Rutile Limited; **"Director"** shall mean a member of the Board;

"Key Managerial Personnel" means means key managerial personnel as defined in subsection (51) of section 2 of the Act and Regulation 2(1)(O) of Listing regulations.

"Listing Regulations" shall mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be amended from time to time;

"Material modification" means any modification made in the value/exposure of any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee and/or shareholders, which has the effect of variation in the approved value of the transaction, by 10 % or more or by which the transaction ceases to be in ordinary course and/or on arm's length basis or such other parameter as may be determined by the Audit Committee from time to time.

"Material Related Party Transactions", will have the same meaning as defined in Regulation 23 of Listing Regulations as well as materiality thresholds defined under Clause 3 of this policy;

"**Ordinary Course of Business"** means a transaction which is:

- Carried out in the normal course of business envisaged in accordance with the Memorandum of Association ('MOA') of the Company as amended from time to time, or
- As per historical practice with a pattern of frequency, or
- Common commercial practice, or
- Meets any other parameters/criteria as decided by the Board/Audit Committee.

"**Relative**" in relation to a related party shall have the same meaning assigned to in Section2 (77) of the Act.

"Related Party", shall have the same meaning as defined under Section 2(76) of the Act, read with regulation 2(1) (zb) of Listing Regulations inclusive of its provision regarding deemed related parties, and in accordance with the Accounting Standards;

Reference and reliance may be placed on the clarification issued by the Ministry of the Corporate, Affairs, Government of India and SEBI and other Authorities from time to time on the interpretation of the term "Related Party-

"**Related Party Transactions**" shall have the same meaning as defined under Section188 (1) of the Act and/or under regulation 2(1) (zc) of Listing Regulations;

"Transaction" Shall be construed to include single transaction or a group of transactions in a contract;

"SEBI" shall mean Securities and Exchange Board of India;

3) MATERIALITY THRESHOLDS

The threshold for identifying the material related party transactions shall be as follows:

a. 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 ten per cent of the annual consolidated turnover of Company as per the last audited financial statements of the listed entity, whichever is lower;

b. 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 five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company.

4) MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

A. Identification of related parties and Related Party Transactions

The Company Secretary has to identify and maintain a list of related parties, with input from other Promoters, director and KMPs.

The Company shall formulate guidelines for identification of related party transactions in accordance with applicable provisions of the Act and the Listing Regulations and also for determining whether the transactions are in the ordinary course of business and at arm's length basis and for this purpose, the Company may seek external professional opinion, if necessary.

B. Procedure for approval of Related Party Transactions

(i) Approval of the Audit Committee

(a) All related party transactions and subsequent material modifications, shall require prior approval of the audit committee of the Company as per the relevant provisions of the Listing Regulations.

(b) Audit committee may grant approval for transactions with related party and any subsequent modification (other than material modifications) thereof as per the relevant provisions of the Act.

(c) Only members of the audit committee, who are independent directors, shall approve related party transactions.

(d) A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into

individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

(e) Prior approval of the audit committee of the 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 these regulations are applicable to such listed subsidiary.

(ii) <u>Omnibus Approval of Audit Committee</u>

(a) The Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- The Audit Committee shall after seek guidance of the Board of Directors, specify the criteria for granting the omnibus approval in line with this Policy which shall include the following, namely:

  (i) name/s of the related party/ies, nature of transaction, period of transaction, maximum amount of transactions that shall 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;
- The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
  (i) repetitiveness of the transactions (in past or in future).
  (ii) justification for the need of omnibus approval.
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.

(b) However, in case of related party transactions which cannot be foreseen and where the above details are not available up front, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees

one crore per transaction.

(c) The 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;

(d) Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry one of such financial year;

(e) All material related party transactions and subsequent material modifications 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;

(f) 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 these regulations are applicable to such listed subsidiary. 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.

(g) While assessing a proposal put up before the Audit Committee/ Board for approval the Committee/ Board may consider the following documents and/or seek interalia 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:

- Natureofthetransactioni.e.detailsofgoodsorpropertytobeacquired/transferredorservicetobe rendered/availed.
- Key terms such as price and other compensations contemplated, value, quantum etc;
- Key covenants such as termination charges, penalties etc.
- Special terms and conditions, if any, covered / contemplated by separate letters or undertakings, addendum etc.
- Benchmarking/comparing above information/data with industry/market rates, terms and practices that may have a bearing on the arm's length basis analysis.
- Where any member of the committee is interested in a transaction considered by it, such member shall not be present during the consideration/discussion of the matter

by the committee.

*(iii)**Approval of the board of Directors***

In compliance of the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of Business or not at arm's length basis, are to be placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also to be placed before the Board for its approval:

- Transactions which may be in the ordinary course of business and at arm's length basis, but which are 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;
- 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 decide store for the same to the Board for approval;
- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view required Board approval.
- TransactionsmeetingthematerialitythresholdslaiddownClause3ofthePolicyand any subsequent Material Modification to a Material Related Party Transaction, which are intended to be placed before the shareholders for approval.
- Where any member of the board is interested in a transaction considered by it, such member shall not be present during the consideration/discussion of the matter by the board.

(iv) Approval of the Shareholders

- All the transactions with related parties meeting the materiality thresholds, laid down inClause3 of the Policy, and any material modifications thereto will be

placed before the shareholders for approval.

- The notice being sent to the shareholders seeking approval for any proposed related party transaction shall, include information as required under the Act and the Listing Regulations.
- The omnibus shareholders' approval of material related party transactions approved in an annual general meeting shall be valid up to the date of the next annual general meeting for a period not exceeding fifteen months. Further in case of omnibus approval for material related party transactions, obtained from shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year.
- In addition to the above, all kinds of transactions specified under Section188 of the Act which (a) are not in the ordinary course of business or not at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 shall be placed before the shareholders for its approval.
- Pursuant to Regulation 23(5)(b) of the Listing Regulations and Section 188(1) of the Act the requirement for seeking shareholders' approval shall not be applicable, inter alia, to:

  (i) Transactions entered 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.

  (ii) Transactions 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) Prior approval of the Shareholders shall not be required in cases where the subsidiary is a listed entitybut the listed entity is not a party and Regulations 23 and 15(2) of the Listing Regulations are applicable to such listed subsidiary.

(iv) Also, requirements for shareholders' approval 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 exchanges within one day of the resolution plan being approved.

5) DISCLOSURES

The Company shall disclose, in the Directors' report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or at arm's length basis along with the justification for entering into such transaction.

In addition to the above, the Company shall submit to the stock exchanges disclosures of related party transactions on a half-yearly basis, and publish the same on its website.

6) RELATED PARTY TRNASACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy, the matter shall be reviewed by the Audit Committee. The Committee after shall considering all the relevant facts and circumstances regarding the transaction may, ratify, revise, terminate or refer to be board. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee and failure or inadequacy of the internal control systems, and recommend remedial measures as it deems appropriate. In cases where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, it may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the Company etc.

7) REGISTERS

The Company shall maintain a register, maintained physically or electronically, as may be

decided by the Board of Directors, giving separately, the particulars of all contracts or arrangements to which this policy applies and such register is placed/taken note of before the meeting of the Board of directors.

Every director or key managerial personnel shall, within a period of thirty days of his appointment, or relinquishment of his office in other Companies, as the case may be, disclose to the Company the particulars relating to his/her concern or interest in the other associations which are required to be included in the register maintained.

The Company shall maintain such register in the Head Office of the Company and provide extracts from such register to a member of the Company on his request, within seven days from the date on which such request is made upon the payment of such fee as may be specified in the articles of the Company but not exceeding ten rupees per page.

8) CONFLICT IN POLICY

In the event of a conflict between this Policy and the extant regulations or laws (as may be amended, replaced, restated, from time to time), the relevant provisions contained in the regulations and laws on the date of the transaction shall prevail over this Policy.

9) POLICY REVIEW

The Related Party Transactions Policy of the Company shall be reviewed by the Audit Committed at least once in every three years and may propose amendments, if any to the Board of Directors of the Company for its approval.