



COSMO FERRITES LIMITED

POLICY FOR CONSIDERATION AND APPROVAL OF RELATED PARTY TRANSACTIONS



1. Introduction

The Board of Directors (the “Board”) of Cosmo Ferrites Limited (the “Company”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below.

This policy will be applicable to the Company. 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. Objective

Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides that the Company shall formulate a Policy on dealing with Related Party Transactions.

This Policy intends to comply with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as may be amended from time to time) and the Companies Act, 2013 read with Rules and Regulations made thereunder, to ensure proper approval and reporting of dealings with Related Parties.

The Company is committed to transparency and fairness in dealing with all Related Parties and in ensuring adherence to all applicable laws and regulations

3. Definitions

- 3.1 **“Act”** means Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- 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. For determining Arm’s length basis guidance may be taken from the transfer pricing provisions under the Income Tax Act, 1961
- 3.3 **“Audit Committee”** means Committee of Board formed under section 177 of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- 3.4 **“Board of Directors”** or **“Board”** means the Board of Directors of the Company.
- 3.5 **“Company”** means Cosmo Ferrites Limited.
- 3.6 **“Key Managerial Personnel”** means the Key Managerial Personnel of the Company in terms of the Act.



- 3.7 **“Material Related Party Transaction** “means a transaction defined as “Material” in Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 3.8 **“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 Memorandum & Articles of Association.
- 3.9 **“Policy** “means the current Policy on Related Party Transactions, including amendments, if any, from time to time.
- 3.10 **“Related Party”** means a related party as defined under the Act read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
- 3.11 **“Related Party Transaction** “means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged.
- 3.12 **“Relative** “means a relative as defined under the Act.
- 3.13 Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities Contract Regulation Act or any other applicable law or regulation.

4. Materiality Threshold

- 4.1 Materiality threshold shall be 10% of the annual consolidated turnover of the company as per last audited financial statements of the company.
- 4.2 Materiality threshold shall be reviewed by the Board every three years.

5. Approval Process of Related Party Transactions

- 5.1 All Related Party Transactions require prior approval of Audit Committee.



5.2 The Audit Committee will consider such transactions following the guiding principles as described in 7 below and approve/ recommend the same in anyone of the following manners-

- a) **Specific Transactions without Board/ Shareholders Approval**-Audit Committee may approve transactions that are not Material Related Party Transactions, are in Ordinary Course of Business and at 'Arm's Length' basis. Board/Shareholders approval shall not be required for the same.
- b) **Omnibus Approval**- For transactions which are repetitive in nature, the Audit Committee may grant omnibus approval subject to the following conditions:
- The Audit Committee is satisfied of the need for such omnibus approval and that such approval is in the interest of the Company;
 - Such omnibus approval shall specify the following:
 - Name(s) of the Related Party;
 - Nature of the transaction;
 - Period of transaction;
 - Maximum amount of transaction that can be entered into;
 - The indicative base price / current contracted price and the formula for variation in the price, if any, and;
 - Such other conditions as the Audit Committee may deem fit.
- c) **Unforeseen Transactions**- In such cases where Related Party Transaction cannot be foreseen and details as required for specific approval or omnibus approval are not available, the Audit Committee may grant approval for such transactions subject to their value not exceeding Rs. 1.00 crore per transaction;
- d) **Transactions requiring Board/ Shareholders approval**- The Audit Committee may consider and recommend the following contracts to the Board/shareholders approval:
- (i) Transactions which do not fall within the definition of 'Ordinary Course of Business' and/ or not deemed to be at 'Arm's Length' by way of Board Approval if the transactions are not material related party transaction and are within the limits prescribed under the Companies Act, 2013 or the rules made there under.
 - (ii) All transactions other than (i) above by way of ordinary resolution passed by the shareholders. No related party whether a party to the transaction or not shall vote on such resolution.



5.3 In respect to transactions referred to in sub-clause 5.2(b) and 5.2(c) above, Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the approval given. Such approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

5.4 All the aforesaid provisions referred to in sub-clause 5.2 (a to d) above, shall not be applicable for transactions entered into by the Company with its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval,

6. Disclosure by Directors/ KMP's

A. Disclosure of interests

- All Directors/ KMPs are required to disclose the entities in which they or their relatives are or deemed to be interested, in the prescribed form.
- Each Director and KMP of the Company shall promptly notify the Company Secretary of any material transaction or Relationship that could reasonably be expected to give rise to any conflict of interest.
- The Company shall maintain Register in the prescribed form.
- The Company shall disclose the policy on dealing with Related Party Transactions on its website and a weblink thereto shall be provided in the Annual Report.
- Details of all material transactions with related parties shall be disclosed, quarterly in the Compliance Report on Corporate Governance., as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

B. Disclosure of Related Party Transaction entered with the Company.

Each Director and KMPs of the Company is responsible for providing declaration/ notice in the prescribed Form to the Company Secretary about Related Party Transaction involving the Company and him or her or an entity wherein he/ she or his / her relative is interested, including any additional information about the transaction that the Company Secretary may reasonably request. The Company Secretary in consultation with the management and an independent counsel, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

7. Guiding Principles for approval of Related Party Transactions



To review a Related Party Transaction, the Board/ Audit Committee will be provided with all the relevant information pertaining to the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and any other matter, as may be required. In determining whether approval needs to be accorded to a Related Party Transaction, the Board/ Audit Committee will consider the following factors:

Whether the terms of the Related Party Transaction are fair 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;

Whether the Related Party Transaction would impair the independence of an otherwise Independent Director;

Whether the Related Party Transaction would present an improper conflict of interest for any Director, or KMP of the Company, taking into account the size of the transaction, the overall interest of the Director, KMP or other Related Party, the direct or indirect nature of the Director, KMP or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/ Audit Committee deem fit to consider.

In case the Board/ Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Board/ Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Board/ Audit Committee has authority to modify or waive any procedural requirements of this Policy.

8. Amendment

7.1 Any subsequent amendment/ modification in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or applicable laws in this regard shall automatically apply to this Policy.

7.2 The Company reserves the right to amend or modify this Policy in whole or in part, at any point of time.

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This document was approved by the Board of Directors at its meeting held on Feb 12, 2015. First Modification approved by Board of Directors on May 13, 2019 (effective w.e.f. April 1, 2019)