



POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

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The policy is drafted with the objective of safeguarding not only the best interests of its stakeholders but also in due compliance with the requirements of the Companies Act, 2013 read with rules framed thereunder and Regulation 23 of the SEBI (Listing Obligations and

Disclosure Requirements) Regulations, 2015. As per the Regulations, a policy needs to be formulated to deal with Related Party Transactions including formulating a policy on materiality of Related Party Transactions. This policy

therefore lays down the mechanism to deal with Related Party Transactions. This Policy shall be called 'Policy on materiality of and dealing with Related Party Transactions'.

Objective

As a part of the business activity of the Company, there exist dealings with entities which are related parties. The Concord Enviro Systems Limited (“**Company**”) recognises that Related Party Transactions may have potential or actual conflicts of interest and may raise questions whether such transactions are consistent with the Company’s and its shareholders’ best interests and in compliance to the provisions of the Companies Act, 2013 (“**the Act**”) read with rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), as amended from time to time.

The Board of Directors of the Company has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions in compliance with the requirements of Section 188 of the Act and the Listing Regulations, as amended from time to time.

Definitions

- “Act” means the Companies Act, 2013 read with the rules notified thereunder, as amended from time to time.
- “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.
- “Applicable Law” means the Act together with the rules notified thereunder, SEBI Listing Regulations, applicable accounting standards (including any modifications/re-enactments thereof) and related circulars, clarifications, guidelines and notifications issued thereunder.
- “Associate Company” shall mean any entity which is an associate under Section 2(6) of the Act or under the applicable accounting standards.
- “Audit Committee” or “Committee” means the audit committee constituted by the Board of Directors in accordance with applicable law, including the Listing Regulations and the Act as amended from time to time.
- “Board” means the collective body of Directors of Concord Enviro Systems Limited.
- “Key Managerial Personnel” in relation to the Company means-
 - i. the Chief Executive Officer or the managing director or the manager;
 - ii. the Company Secretary;
 - iii. the Whole-Time Director;
 - iv. the 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 officer as may be prescribed

- “Holding Company” means a Company as defined under Section 2(46) of the Act.
- “Listing Regulations” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015.
- “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 during a financial year, exceeds the thresholds specified in Schedule XII of the listing regulations as annexed as Annexure-1..

Provided that 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, exceeds five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- “Policy” means this Policy, as amended from time to time.
- “Promoter” and “Promoter Group” shall means a person who is defined under Section 2(69) of the Act and have the same meaning as assigned to them respectively in clauses 16(oo) and 17(pp) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- “Related Party” means a related party as defined under Section 2(76) of the Act and the Rules made thereunder and Regulation 2(1)(zb) of the Listing Regulations, as amended from time to time.
- “Related Party Transactions” shall mean such transactions as specified under the Act and the Rules made thereunder and Regulation 2(1)(zc) of the Listing Regulations, including any amendment or modification thereof, as may be applicable.
- “Relative” means a relative as defined under Section 2(77) of the Act and the Rules made thereunder and Regulation 2(1)(zd) of the Listing Regulations.
- “Senior Management” shall mean the officers and personnel of the Company who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the persons identified and designated as key managerial personnel, other than the board of directors, by the Company.
- “Subsidiary” means a subsidiary as defined under Section 2(87) of the Act.
- “Transaction” with a related party shall be construed to include a single transaction or a group of transactions.

Any term not defined in this policy shall have the same meaning as given in the Act and rules framed thereunder and /or SEBI Listing Regulations. Likewise, reference in this Policy to Indian Accounting Standards shall be deemed to refer to the contemporaneous Indian Accounting Standards as may be applicable to the Company.

Interpretation:

The words and expressions used in this Policy unless defined herein shall have the meaning assigned to them in the Act, Listing Regulations and such other act, laws, rules or regulations along with any statutory modification(s) or re-enactment(s) thereof, as the case may be.

In case, any provisions(s)/ clause(s) of this Policy is rendered unlawful or unenforceable, then the Policy shall be read as excluding that provision(s)/ clause(s).

All references to the plural herein shall also mean the singular and to the singular shall also mean the plural unless the context otherwise requires

Material Modification:

Material Modification means any modification to the existing related party transaction that results in a variance during a financial year of 25% or more of the value of related party transaction (whether individually or in aggregate) during the previous financial year/ approved limit as sanctioned by the Audit Committee/Shareholders, as applicable.

Declarations from Directors and Key Managerial Personnel:

Directors:

Every Director will be responsible for providing a declaration containing the following information to the Company Secretary on an annual basis and whenever there is a change in the information provided:

- Names of his / her Relatives;
- Partnership firms in which he / she or his / her Relative is a partner;
- Private Companies in which he / she or his / her Relative is a member or a Director;
- Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
- Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions (other than advice, directions or instructions obtained in professional capacity); and
- Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Other Key Managerial Personnel:

Every Key Managerial Personnel of the Company ("KMP") will be responsible for providing a declaration containing the following information to the Company Secretary on an annual basis and whenever there is a change in the information provided:

- Names of his / her Relatives;
- In case of Manager, Partnership firms in which he / she or his / her Relative is a partner;
- In case of Manager, Private Companies in which he / she or his / her Relative is a member or a Director.
- In case of Manager, Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
- In case of Manager, any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions (other than advice, directions or instructions obtained in professional capacity);
- In case of Manager, persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Every Director, KMP, Sector Presidents, officers authorised to enter into contracts/ arrangements will be responsible for providing prior Notice to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Board / Committee may request, for being placed before the Committee and the Board.

Besides the above, the Company will also identify other Related Parties as required under the Act and the Listing Regulations. Any transaction by the Company with a Related Party will be regulated as per this Policy.

Approval of the Related Party Transactions

Audit Committee's Approval

- a. All Related Party Transactions and subsequent modifications (including material modifications as defined in this policy) shall be subject to the prior approval of the Audit Committee whether at a meeting or any other manner as provided by the Act or Rules made thereunder.
- b. Related Party Transactions to which a subsidiary of the Company is a party, but the Company is not a party, where the value of such transaction exceeds rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, shall require prior approval of the Audit Committee of the Company, if the value of such transaction exceeds the lower of the following thresholds:
 - (i) ten percent of the annual standalone turnover of the subsidiary, as per its last audited financial statements; or
 - (ii) the threshold for material related party transactions of the Company as specified in Schedule XII of the SEBI Listing Regulations as annexed as Annexure -1.

However, only those members of the Audit Committee, who are independent directors, shall approve related party transactions and any member of the Audit Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the related party transaction.

Omnibus Approval:

The Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the Company or its subsidiaries subject to the following conditions:

- a. The Audit Committee shall, specify the criteria for making the omnibus approval which shall include the following, namely:-
 - (i) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
 - (ii) the maximum value per transaction which can be allowed;
 - (iii) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - (iv) review, at such intervals as the Audit Committee may deem fit, RPTs entered into by the company or its subsidiaries pursuant to each of the omnibus approval made;
 - (v) transactions which cannot be subject to the omnibus approval by the Audit Committee.
- b. 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.
- c. Such omnibus approval shall specify the following:
 - i. Name(s) of the Related Party;
 - ii. Nature of the transaction;
 - iii. Period of transaction;
 - iv. Maximum amount of transaction that can be entered into;
 - v. The indicative base price / current contracted price and the formula for variation in the price, if any, and;
 - vi. Such other conditions as the Audit Committee may deem fit.

In cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 Crore per transaction in a financial year.

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

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

These requirement of audit committee approval shall not apply to a transaction, other than a transaction referred to in section 188 of the Act, between a holding company and its wholly owned subsidiary Company.

A member of the Committee who has an interest in any Related Party Transaction shall not participate at such meeting where such Related Party Transaction is considered.

Review of Related Party Transaction:

To review a Related Party Transaction, the 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 Audit Committee will consider the following factors:

- a. Whether the terms of the Related Party Transaction are fair to the Company and would apply on the same basis as if the transaction did not involve a Related Party;
- b. 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;
- c. Whether the Related Party Transaction would impair the independence of an otherwise Independent Director;
- d. Whether the Related Party Transaction would present a 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's, KMP's 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. The Company shall provide the Audit Committee all such information as may be required by them and shall necessarily provide such minimum information as prescribed by the Industry Standard Forum ("ISF") Note, as amended from time to time, and such other circulars as are issued by SEBI and the Stock Exchanges ("BSE and NSE").

Board's Approval:

As per 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 at Arm's length basis, shall be placed before the Board for its approval.

The Board would approve such Related Party Transactions as are required to be approved under the Act and/or Listing Regulations and/or transactions referred to it by the Audit Committee.

Where any director is interested in any Related Party Transaction, such director shall not participate at the meeting where such Related Party Transaction is considered.

In addition to the above, the following Related Party Transactions shall also be subject to approval of the Board of Directors:

- Transactions which exceed the materiality threshold and are intended to be placed before the shareholders for approval;
- 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 the Committee's approval;
- Where it is mandatory under any law for the Board to approve the Related Party Transactions;
- Transactions in respect of which the 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 its approval;
- Transactions which are in the ordinary course of business and at Arm's length basis, but which in Committee's view requires Board approval.

Shareholder's Approvals:

All Material Related Party Transactions and subsequent material modifications (as defined in this policy) shall require approval of shareholders of the Company through resolution (unless it is exempted pursuant to the provisions of Listing Regulations).

It is hereby clarified that any Related Party Transactions involving a subsidiary of the Company, where the Company itself is not a party, shall require the approval of the shareholders of the Company if the value of such transaction, whether entered into individually or cumulatively with prior transactions during a financial year, exceeds the threshold specified in Schedule XII of SEBI listing regulations as annexed as Annexure -1. .

All Related Party Transactions pursuant to Section 188 of the Act which are not in the ordinary course of business and / or not on an Arms' length basis and which crosses the threshold limits prescribed under the Act shall also require the approval of shareholders of the Company through resolution.

The voting rights of the interested and non-interested Related Parties shall be governed by the applicable provisions of the Act, Listing Regulations and any other applicable law, from time to time. For the removal of doubts, it is hereby clarified that none of the Related Parties of the Company shall vote to approve such transaction irrespective of whether the entity is a related party to the particular transaction or not.

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

Ratification by Audit Committee:

All the transactions entered by the Company with or between the related party require the prior approval of Audit Committee/Board/Shareholders as the case may be.

However, the members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii) the transaction is not material as defined in this policy above.
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification.
- (iv) details of ratification shall be disclosed along with the disclosures of related party transactions with the Stock Exchanges in terms of Regulation 23(9) of Listing Regulations.
- (v) any other condition as specified by the audit committee

Provided that failure to seek ratification or prior approval as applicable of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

The Company shall provide the Audit Committee & Shareholders all such information as may be required by them and shall necessarily provide such minimum information as prescribed by the Industry Standard Forum ("ISF") Note, as amended from time to time, and such other circulars as are issued by SEBI and the Stock Exchanges ("BSE and NSE").

Approval in case of Remuneration and Sitting Fees:

The remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of Regulation 23(1) of Listing Regulations.

Exemption on Approval:

The approval of Audit Committee/Shareholders of the Company is not required in case of the following:

- (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.
- (iii) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.
- (iv) A RPT to which the listed subsidiary is a party but the Company is not a party, if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations (i.e. the prescribed Corporate Governance provisions) are applicable to such listed subsidiary. Furthermore, 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.

Disclosure and Reporting of Related Party Transactions:

Every Related Party Transaction / contracts or arrangements that are:-

- a. material, or
- b. not at arm's length basis and/ or ordinary course of business,

shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction as per the requirement of the Act.

The various business heads, strategic sourcing department, department heads or any person authorised to enter into any transaction on behalf of the company shall not undertake any transaction with related party unless they confirm that the transaction has prior approval of the Audit Committee and that the transaction is both in the ordinary course of business and on an Arm's length basis. Any transaction not meeting the required criteria mentioned above should be brought to the notice of the Secretarial Department, Accounts Department and the CFO for seeking the requisite approvals.

The Company shall submit the disclosures of Related Party transactions, in the format specified, to the stock exchanges and publish the same on its website in compliance with the requirements of the Listing Regulations except that the remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure under Regulation 23(9) of Listing Regulations, provided that the same is not material in terms of the provisions of Regulation 23(1) of Listing Regulations.

Amendments:

The Audit Committee may, for the purpose of aligning this Policy with the regulatory changes, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy.

The Board may also make any amendments to the Policy from time to time, based on the recommendations of the Audit Committee.

Further, the Board will review this Policy from time to time as prescribed under the Act or Listing Regulations. The Board may also establish further rules and procedures, from time to time, to give effect to this Policy.

Scope Limitations:

In the event of any conflict between the provisions of this Policy and of the Listing Regulations / the Act or any other statutory enactments, rules, the provisions of such Listing Regulations / the Act or statutory enactments, rules shall prevail over this Policy.

Dissemination of the Policy:

This Policy shall be disseminated to all functional and operational heads and other concerned persons of the Company and shall be hosted on the intra-net and website of the Company and web link thereto shall be provided in the annual report of the Company.

Version Controller:

S.No	Version Number	Date of Board Approval
1	V1	22 nd June, 2022
2	V2	12 th February, 2026

Annexure-1

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 the following:

Consolidated Turnover of Listed Entity Threshold	Threshold
(I) Up to ₹20,000 Crore	10% of the annual consolidated turnover of the listed entity
(II) More than ₹20,000 Crore to upto ₹40,000 Crore	₹2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore
(III) More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 Crore or ₹5000 Crores, whichever is lower.

Explanation: For the purpose of computing the thresholds stated above, the annual consolidated turnover of the listed entity shall be determined based on the last audited financial statements of the listed entity.

Illustration 1. For listed entities in (II)	
If the annual consolidated turnover of a listed entity is ₹30,000 Crore	₹2,000 Crore + 5% of the remaining ₹10,000 Crore = ₹2,500 Crore
Illustration 2. For listed entities in (III)	
If the annual consolidated turnover of a listed entity is ₹50,000 Crore	₹3,000 Crore + 2.5% of the remaining ₹10,000 Crore = ₹3,250 Crore.
Illustration 3. For listed entities in (III)	
If the annual consolidated turnover of a listed entity is ₹1,50,000 Crore	₹3,000 Crore + 2.5% of the remaining ₹1,10,000 Crore = ₹5,750 Crore. However, threshold for material related party transaction would be ₹5,000 Crore as it is lower than ₹5,750 Crore.