

PRISM JOHNSON LIMITED

CIN : L26942TG1992PLC014033

*Registered Office : 305, Laxmi Niwas Apartments, Ameerpet, Hyderabad – 500 016.
Corporate Office : “Rahejas”, Main Avenue, V. P. Road, Santacruz (West), Mumbai - 400 054*

Policy on Related Party Transactions

1. SCOPE AND PURPOSE OF THE POLICY

Prism Johnson Limited (hereinafter referred to as “the Company”) is mainly engaged in the business of building materials having three Divisions, namely, Cement, H & R Johnson (India) and RMC (India).

As a part of its business activity, the Company also deals with entities which are related parties. The Company recognises that 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 the SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 (‘SEBI LODR’) as amended from time to time, the Company had formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

In view of the various circulars, clarifications and amendments issued by the Ministry of Corporate Affairs and the Stock Exchanges from time to time and pursuant to the SEBI LODR, the Board of Directors has, on the recommendation of the Audit Committee, adopted the policy and procedures with regard to Related Party Transactions.

This policy will supersede the existing Policy on Related Party Transactions adopted by the Board effective from April 1, 2019 and will be applicable to all the related party transactions to be entered into on or after April 1, 2022.

2. OBJECTIVE OF THE POLICY

The objective of this Policy is to set out :

- (a) the related party transactions which require approval of the Audit Committee/Board of Directors/Shareholders as the case maybe;
- (b) the materiality thresholds for related party transactions duly approved by the Board of Directors and;

(c) the manner of dealing with the transactions between the Company and/or its subsidiaries with the related parties based on the Act, SEBI LODR and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS

- 3.1 **“Audit Committee”** means the Audit Committee of Board of Directors of the Company constituted under provisions of SEBI LODR and the Act.
- 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.
- 3.3 **“Board of Directors” or “Board”** means the Board of Directors of the Company, as constituted from time to time.
- 3.4 **“Material Related Party Transaction”** means a transaction with a Related Party which is material in terms of the provisions of the Act and SEBI LODR, as amended from time to time.
- 3.5 **“Material Modification”** in relation to any transaction shall mean modification of such transaction which will change the complete nature of the transaction and in case of monetary thresholds as may decided by the Audit Committee.
- 3.6 **“Ordinary course of business”** would include usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities, which the Company can undertake as per its Memorandum & Articles of Association.
- 3.7 **“Related Party”** means a related party as defined under the Companies Act, 2013 or Rules made thereunder and SEBI LODR, as amended from time to time.
- 3.8 **“Related Party Transaction” (RPT)** shall mean such transactions as specified under Section 188 of the Act or rules made thereunder and under Regulations of the SEBI LODR, as amended from time to time.
- 3.9 **“Subsidiary Company” or “Subsidiary”** shall mean the subsidiary as defined under the Companies Act, 2013 or Rules made thereunder.
- 3.10 **“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions.

All capitalised terms used in this policy document but not defined herein shall have the meaning ascribed to such term in the Act and the Rules framed thereunder, Securities Contracts (Regulation) Act, 1956 and the SEBI LODR or any other applicable law or regulation as amended from time to time.

4. MATERIALITY THRESHOLDS

Related Party transaction shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rupees One Thousand Crores or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

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

5. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

Related Party Transactions are permitted with requisite approval of the Audit Committee/Board of Directors/Shareholders of the Company, as may be applicable and in accordance with this policy. In dealing with Related Party Transactions, the Company will follow the following approach:

a) Identification of related parties

All Directors are responsible for informing the Company of their interest as under (including interest of their Relatives) in other companies, firms or concerns at the time of appointment, at the beginning of every financial year and before the date of next board meeting of any change in such interest during the year :

1. Names of his/her Relatives as per Companies Act, 2013;
2. Partnership firms in which he/she or his/her Relative is a partner;
3. Private Companies in which he/she or his/her Relative is a member or a Director;
4. Public Companies in which he/she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his/her advice, directions or instructions; and
6. 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 Key Managerial Personnel (KMP) of the Company will be responsible for providing a declaration containing the names of his/her relatives to the Company Secretary on appointment and whenever there is a change in the information provided.

In addition, all Directors, KMPs, officers authorised to enter into contracts/arrangements will be responsible for providing prior Notice to the Company Secretary of any potential Related Party Transaction, including any additional information about the transaction that the Audit Committee/Board may request. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction is in the ordinary course of business and on an arm's length basis.

Besides the above, the Company will also identify other Related Parties as required under the Companies Act, 2013 and Rules thereunder and the SEBI LODR, as may be amended from time to time, as may be applicable.

The Board of Directors of the Subsidiary Company shall be responsible to intimate to the Chairperson of the Audit Committee or the Company Secretary of the Company, its list of related parties. Such list shall be provided on an annual basis and whenever there is a change in the information provided.

The Company Secretary shall provide the list of related parties of the Company to the Board of Directors of the Subsidiary or the person designated to receive such list by the Board of Directors of the Subsidiary. Such list shall be provided on an annual basis and whenever there is a change in the information provided.

b) Identification of Related Party Transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or 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.

Any transaction by the Company with a Related Party will be regulated as per this Policy.

c) Procedure for approval of Related Party Transactions:

I. Approval of the Audit Committee

- (1) In compliance with the statutory requirements, the Audit Committee of the Company at its first meeting held after April 1, 2014 i.e. on May 27, 2014 had approved a list of all ongoing related party transactions/contracts/arrangements as of April 1, 2014.
- (2) All Related Party Transactions to which the Company is a party shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or any other manner as provided by the Act or Rules made thereunder.
- (3) Where the Company enters into a contract/transactions with a related party, which stipulates details of every transaction like nature of the transaction, period of transaction, contract price or methodology of price determination/variation, if any, maximum amount of transaction, credit terms etc., prior approval once given by the Audit Committee would suffice and Audit Committee would only note the transactions that are entered into pursuant to such master agreement and such transactions will not require any additional approval of the Audit Committee.
- (4) Any modification to existing Related Party Transactions as per provisions of Section 177 of the Act.
- (5) Any subsequent Material Modification to Related Party Transactions.
- (6) Related Party Transaction to which the Subsidiary of the Company is a Party but the Company is not a party, where 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 consolidated turnover, as per the last audited financial statements of the Company shall be subject to the prior approval of the Audit Committee, whether at a meeting or by resolution by circulation or any other manner as provided by the Act or Rules made thereunder.
- (7) With effect from April 1, 2023 a related party transaction to which the subsidiary of the Company is a Party but the Company is not a party, shall require prior approval of the Audit Committee of the Company, 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.

- (8) The Audit Committee shall specify the criteria as stipulated under the Companies Act, 2013 and the Rules thereunder and the SEBI LODR as amended from time to time for making the omnibus approval.

The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely :

- (a) repetitiveness of the transactions (in past or in future);
- (b) justification for the need of omnibus approval.
- (c) the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company.

The omnibus approval shall contain or indicate the following :

- a) name of the related parties/entities entering into related party transaction;
- b) nature and duration of the transaction;
- c) maximum amount of transaction that can be entered into;
- d) the indicative base price or current contracted price and the formula for variation in the price, if any; and
- e) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may make omnibus approval for such transactions subject to their value not exceeding Rupees one crore per transaction.

Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial 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.

Any other conditions as the Audit Committee may deem fit.

- (9) A member of the Committee who has a potential interest in any Related Party Transaction will not remain present at the meeting when such Related Party Transaction is considered.

II. Approval of the Board of Directors of the Company

- a) 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 and/or at arm's length basis, shall be placed before the Board for its approval.
- b) In addition to the above, the following kinds of transactions with related parties shall also 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 exceed the limits prescribed under the Act & Rules thereunder from time to time (i.e. value threshold and/or other parameters) and the SEBI LODR, 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 decides to refer 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 requires Board approval;
 - Transactions meeting or exceeding the materiality thresholds laid down Clause 4 of the Policy, which are intended to be placed before the shareholders for approval.
- c) Where any Director is interested in any Related Party Transaction, such director will not remain present at the meeting when such Related Party Transaction is considered.

In determining whether approval needs to be accorded to a Related Party Transaction, the Audit Committee/Board 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 as 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 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.
- d) The agenda of the Audit Committee/Board meeting at which resolution is proposed to be moved shall disclose :
- (i) The name of the related party and nature of relationship;
 - (ii) The nature, duration of the contract and particulars of the contract or arrangement;
 - (iii) The material terms of the contact or arrangement including the value if any;
 - (iv) 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 a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
 - (v) If 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.
- (vi) Justification as to why the RPT is in the interest of the Company;
- (vii) A copy of the valuation or other external party report, if any such report has been relied upon
- (viii) The manner of determining pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- (ix) Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- (x) Any other information relevant or important for the Audit Committee/Board to take a decision on the proposed transaction.

III. Approval of the Shareholders of the Company

In terms of the provisions of the SEBI LODR, as may be amended from time to time, all Material Related Party Transactions and material modifications to material related party transactions shall require approval of shareholders of the Company through resolution and no Related Party shall vote to approve on such resolution(s), whether the entity is a Related Party to the particular transaction or not.

Provided that the requirements specified above shall not apply in respect of a resolution plan approved under Section 31 of the Insolvency Code.

All Related Party Transactions pursuant to Section 188 of the Act which are not in the ordinary course of business and/or not an Arms' length basis and which cross the threshold limits prescribed under Act shall also require the approval of shareholders of the Company through resolution and the Related Parties with whom transactions are being entered shall not vote on such resolution(s) to approve the transaction.

Proviso to Section 188 (1) of the Act and Regulation 23(5) of the SEBI LODR provide that the requirement for seeking shareholders' approval shall not be applicable to transactions entered 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.

Regulation 23(5) of the SEBI LODR also provides that the requirement for seeking shareholders' approval shall not be applicable to transactions entered into between two wholly owned subsidiaries of the Company, whose accounts are consolidated with Company and placed before the shareholders at the general meeting for approval.

IV. Ratification of Related Party Transaction

Ratification, if any allowed by the Act or the SEBI LODR, of a Related Party Transaction after its commencement or completion will be approved by the Audit Committee/Board in exceptional circumstances only.

A Related Party Transaction entered into without prior approval of the Audit Committee shall not be deemed to violate this policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee/Board for ratification as promptly as reasonably practical after it is entered into and such transaction is ratified.

V. Related Party Transactions that shall not require Approval

The following transactions shall not require separate approval under this policy :

- Any transaction 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.
- Any transaction between two wholly owned subsidiaries of the Company, whose accounts are consolidated with Company and placed before the shareholders at the general meeting for approval.
- Transactions involving corporate action by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding such as:
 - i. *payment of dividend;*
 - ii. *subdivision or consolidation of securities;*
 - iii. *issuance of securities by way of a rights issue or a bonus issue; and*
 - iv. *buy-back of securities*

- Transactions involving corporate restructuring such as capital reduction, amalgamation, merger, demerger, hive-off, etc., approved by the Board and carried out in accordance with the specific provisions of the Act and the SEBI LODR;
- Transactions entered into with the approval of the Audit Committee/ Board in accordance with previous Related Party Policy of the Company.

6. DISCLOSURES

- a. The Company will disclose to the Stock Exchange details of all material transactions with related parties along with the compliance report on corporate governance on a quarterly basis.
- b. The Company shall submit disclosures of related party transactions on a consolidated basis, in the format specified by the SEBI within the timelines prescribed by the SEBI LODR to the stock exchanges and publish the same on its website.
- b. The Company will disclose the Policy on dealing with RPT's on its website www.prismjohnson.in and provide a weblink thereto in the Annual Report.
- c. In addition to the disclosures required under Accounting Standard, Related Party Transactions that are not at arm's length basis and Material Related Party Transactions that are at arm's length or such other transactions as may be statutorily required, shall be disclosed in the Annual Report of the Company.

7. AMENDMENT TO THE POLICY

Going forward, this Policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly. The Board may also establish further rules and procedures, from time to time, to give effect to this Policy.

Any or all provisions of this policy would be subject to revision/amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s), notification(s), etc., issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), notification(s), etc.