

Re Sustainability Limited
(Formerly Known as Ramky Enviro
Engineers Limited)
Related Party Transactions





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1. INTRODUCTION

Preamble

Re Sustainability Limited (Formerly Known as Ramky Enviro Engineers Limited) (the "Company" or "ReSL") and its subsidiary companies (Indian and foreign) and its associate companies ("the Group") would, in ordinary course of business, enter into transactions with a related party or parties. The Audit Committee and Board of Directors (the "Board") of ReSL has adopted the following policy with regard to Related Party Transactions ("RPT") as defined below. The policy envisages the approval matrix and review relating to RPTs to be followed by company to ensure compliance with the Law and Regulation. Audit Committee shall review and recommend amendments to the Board for this policy from time to time.

Introduction

The Companies Act, 2013 (Act) and The Companies (Amendment) Act, 2017, governing RPTs entered by Indian companies. The Act defines related parties, related party transactions and prescribes certain approval requirements with respect to such transactions. One such requirement is that the companies are required to formulate a policy on dealing with RPT

This Policy sets out the philosophy and processes that is to be followed for approval and review in respect of transactions entered into by the Company with a Related Party. No RPTs shall be entered by the Company, except in accordance with the provisions of this Policy.

This policy is approved by the Board of ReSL at its meeting held on _____. This policy will be effective from _____.

Any amendment to this policy shall be approved by the Committee and shall have effect from the date of such approval or from such date as notified in amendment. In case of any conflict of any provision of this policy with any applicable regulation or Act, the provision of such regulation or Act shall prevail over such provision of this policy

Objective

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.



2 DEFINITIONS

General Definitions

- a. **Authorised Official** Company Secretary of the Company or any other officer authorised by the Committee
- b. **Board** means the Board of Directors as defined under the Companies Act, 2013
- c. **Audit Committee or Committee** means the Committee of the Board constituted from time to time under the provisions of Section 177 of the Companies Act, 2013
- d. **Key Managerial Personnel** means Key Managerial Personnel as defined under the Companies Act, 2013.
- e. **Material Related Party Transaction** means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013, whichever is stricter, from time to time.

Definitions as per the Companies Act, 2013, AS 18 (IND AS 24) and the SSPA/SHA

a. Related Party Transaction

"Related Party Transaction" means transaction in the nature of contract involving transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged or not under the relevant provisions of the Companies Act, 2013 or any other related law or regulation etc.

As per Section 188 of the Companies Act, 2013, Related Party Transactions are:

- Sale, purchase or supply of any goods or materials;
- Selling or otherwise disposing of, or buying, property of any kind;
- Leasing of property of any kind;
- Availing or rendering of any services;
- Appointment of any agent for purchase or sale of goods, materials, services or property;
- Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; and
- Underwriting the subscription of any securities or derivatives thereof, of the Company

(The above is an indicative list and not an exhaustive one)

b. Related Party

"Related Party" means an entity under Section 2 (76) of the Companies Act, 2013 and as per Accounting Standards.

- **Related Party as per Section 2 (76) of the Companies Act, 2013 is as under:**
 - a director or his relative;
 - a key managerial personnel or his relative;
 - a firm, in which a director, manager or his relative is a partner;
 - a private company in which a director or manager or their relative is a member or director;



- a public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital;
- anybody corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- any person on whose advice, directions or instructions a director or manager is accustomed to act:
- Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions
- or instructions given in a professional capacity;
- any company which is—
 - i. a holding, subsidiary or an associate company of such company; or
 - ii. a subsidiary of a holding company to which it is also a subsidiary;

- **Related Party as per Accounting Standard 18 is as under:**

- Enterprises that directly or indirectly control (through subsidiaries) or are controlled by or are under Common control with the reporting enterprise;
- Associates, Joint Ventures of the reporting entity, investing party or venture in respect of which reporting enterprise is an associate or a joint venture;
- Individuals owning voting power giving control or significant influence;
- Key Management Personnel and their relatives; and
- Enterprises over which any of the person described in (c) or (d) is able to exercise significant influence

In view of the above definition, AS 18 further defines the terms 'control' and 'significant influence' as follows –

Control –

- ownership, directly or indirectly, of more than one half of the voting power of an enterprise, or
- control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise, or
- a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.

Significant Influence –

- Participation in the financial and/or operating policy decisions of an enterprise, but not control of those policies

- **Related Party under the SSPA/SHA:**

- **“Related Party(ies)”** shall mean such Persons as may be considered related parties under the Act, or under Accounting Standard 18 on “related party disclosures” issued by the Institute of Chartered Accountants of India, and any such other Person as maybe agreed in writing in between the Parties;
- **As per the Letter Agreement –**
The term “Related Party”, in relation to the Group Companies, shall additionally include Relatives of the Individual Promoter and any Person who is an Affiliate of a Relative of the Individual Promoter or any of the Promoter Directors. In addition, in relation to the Promoters, the following Persons shall also be considered to be a ‘Related Party’: (i) KVR Baseline Resources Private Limited, (ii) Pistis Manpower Private Limited, and (iii) Ramky Foundation.



c. Relative

- **“Relative” as per Section 2 (77) of the Companies Act, 2013** means with reference to any person, means anyone who is related to another, if-
 - i) they are members of a Hindu Undivided Family;
 - ii) they are husband and wife; or
 - ii) one person is related to the other in such manner as may be prescribed, which is as follows:
 - Father (including step-father)
 - Mother (including step-mother)
 - Son (including step-son)
 - Son’s wife
 - Daughter
 - Daughter’s husband
 - Brother (including step-brother)
 - Sister (including step-sister)

“Transaction” with a related party shall be construed to include a single transaction or a group of transactions.

The terms Director, Chief Financial Officer, Company Secretary, shall have the same meaning as assigned under the Companies Act, 2013.

- Each of the Persons below and their respective spouse would be included within the definition of the term Relative under the SSPA and SHA:
 - Father, mother
 - Son, daughter
 - Daughter’s husband
 - Father's father or father’s mother
 - Mother's father or mother’s mother.
 - Son’s son
 - Son’s daughter
 - Daughter's son
 - Daughter's daughter
 - Brother
 - Sister
 - Husband’s father or husband’s mother
 - Husband’s sister
 - Wife’s father or wife’s mother
 - Wife’s brother or wife’s sister
 - Brother’s son
 - Brother’s daughter
 - Sister’s son or sister’s daughter

Additionally, in relation to the Promoters, the reference to the term ‘Relative’ shall also include (i) Ganesh Pulicherla, (ii) Satyanarayana Adamala, (iii) Madan Mohan Reddy, (iv) Harsha Donthireddy, and (v) Udaya Kumari.

d. Arm’s Length Transaction

Explanation (b) to Section 188(1) of the Companies Act, 2013 defines an “arm’s length transaction” to mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.



e. Associate Company

In terms of Section 2(6) of the Companies Act, 2013 "Associate Company" in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

For the purposes of this term 'Associate Company', "significant influence" means control of at least twenty per cent of total share capital, or of business decisions under an agreement.

3 POLICY

Related Party Transaction Philosophy

- The Company shall not enter into RPTs without prior approval of Audit Committee (at a meeting or by way of circular resolution) and shall be at arm's length and in ordinary course of business.
- In the event of RPT not in the ordinary course of business, the Company shall obtain approval of the Board and its shareholders, as applicable, for such contract or arrangement
- All material RPT transactions (whether in the ordinary course of business or not) RPTs shall be approved by Board of Directors and shareholders of the Company.

Identification of Related Parties and Related Party Transactions

Identification of Related Parties: Every Director and Key Managerial Personnel will be responsible for providing a declaration in the format as per Annexure 1 containing the following information to the Company Secretary on an annual basis:

- Names of his / her Relatives;
- Partnership firms in which he / she or his / her Relative is a partner;
- Private Companies in which he / she is a member or 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; 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).

Every Director and the Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and / or controls Immediately on him / her becoming aware of such changes.

The Company Secretary shall be responsible to maintain an updated database of information pertaining to Related Parties reflecting details of

- All Directors and Key Managerial Personnel;
- All individuals, partnership firms, companies and other persons as declared and updated by Directors and Key Managerial Personnel;
- Company's holding company, subsidiary companies and associate companies;
- Subsidiaries of holding company;
- Director or Key Managerial Personnel of the holding company or their Relatives;
- All RESL Group entities; and
- Any other entity which is a Related Party as defined under Section 2(76) of the Companies Act, 2013 or the relevant Accounting Standard.



The database of related parties shall be updated whenever necessary and shall be reviewed quarterly jointly by the Company Secretary and Chief Financial Officer. The functional / business heads / Chief Financial Officer /Company Secretary/ shall have access to the updated database.

Identification of Related Party Transactions: The Company Secretary would collate list of related party transactions as follows:

- Continuing RPTs as per the disclosure made in Company's financial statements.
- Transactions which are likely to be entered into with each related party and estimated value of such transactions before the beginning of each financial year to obtain necessary approvals in accordance with this Policy
- Every Director, Key Managerial Personnel, Functional / Business heads / Chief Financial Officer 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.
- The suggested details and list of records and supporting documents which are required to be provided along with the Notice of the proposed transaction are provided in "Notes" to this Policy.
- The Company Secretary in consultation with the Chief Financial Officer may refer any potential related party transaction to any external legal/transfer pricing expert and the outcome or opinion of such exercise shall be brought to the notice of the Audit Committee. Based on this Notice, the Company Secretary will take it up for necessary approvals under this Policy.

Identification of transaction, whether it is in the ordinary course of business:

RPT that are part of the regular operating activities and connected financial activities among related party of any organization in similar business and size shall be considered to be in the ordinary course of business.

Approval Process for Related Party Transactions

All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution. A member of the Committee who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.



Audit Committee

All the RPTs entered shall be at arm's length pricing and subject to the prior approval of the Audit Committee

A. CONSIDERATION BY THE COMMITTEE IN APPROVING THE PROPOSED TRANSACTIONS

The management shall present the list of RPTs before the Audit Committee at the beginning of the financial year, the following information with respect to all RPT expected to be entered into during the financial year for its approval

- Name of party
- Relationship with Related party
- approximate rupee value and projected value of transactions
- Nature of transaction and material terms of transactions.
- Supporting document
- Pricing of transaction and whether the same is on arm's length or not
- In the case of loan to be provided, the aggregate amount of loan and the rate of interest to be payable on such loans
- In the case of guarantees, the aggregate amount of guarantees and the commission to be paid on such guarantee.
- Any other material information regarding the transactions or related party interest in the transaction

B. APPROVAL BY CIRCULAR RESOLUTION OF THE COMMITTEE

In the event the Company Management determines that it is impractical or undesirable to wait until a meeting of the Committee to enter into a Related Party Transaction, such transaction may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions (Within three months) for the time being in force. Any such approval must be ratified by the Committee at its next scheduled meeting.

C. STANDING PRE-APPROVAL / OMNIBUS APPROVAL BY THE COMMITTEE

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval / omnibus approval. While granting the approval the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:

- Name of the related party
- Nature of the transaction
- Period of the transaction
- Maximum amount of the transactions that can be entered into
- Indicative base price / current contracted price and formula for variation in price, if any
- Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee

The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.



Board of Directors:

Material RPT and RPT not in the ordinary course of business shall be approved by Board of Directors

Any member of the Board who has any interest in any RPT will recuses himself and abstain from discussion and voting on the approval of the Related Party Transaction

Further, If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Shareholders:

All Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, which are not in the Ordinary Course of Business or not at Arms' Length shall also require the prior approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution

Transactions which do not require approval

Any transaction that involves paying of compensation to a Director or KMP's 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.

4 GENERAL PRINCIPLES

- The CFO/ Company Secretary of the Company is authorised to issue guidelines / instructions for implementation of the policy
- The Independent Directors of the Company shall pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company.
- The Audit Committee shall have the following powers with respect to RPT:
 - To seek information from any employee.
 - To obtain outside legal or other professional advice.
 - To secure attendance of outsiders with relevant expertise, if it considers necessary
 - To investigate any RPT
- The Company shall always ensure that all RPTs entered into shall be at an arm's length basis unless exempted under the applicable laws.
- The Company while entering into any RPT, shall ensure that such RPT is in the best interest of the Company and adheres to this Policy. All relevant facts and circumstances available, including but not limited to the following, shall be considered:
 - The benefits to the Company by entering into such RPT;
 - The extent of the Related Party's interest;
 - The availability of other sources of comparable products or services;
 - The extent to which the terms of the RPTs are less favourable than terms generally available in non-related transactions under like circumstances;



- The aggregate value of the RPT; and
 - The impact on a Director's independence if the RPT is entered into with an Independent Director or a relative of such Director.
- Where any transaction is covered under more than one Category of RPT as per provisions of the Policy, then such provisions of Review and Approval process shall apply to the transaction, as are stricter in nature

5 DISCLOSURES

Every Related Party Transaction entered into by the Company shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction. The Company Secretary and the Chief Financial Officer shall be, responsible for such disclosure.

Quarterly/ Periodical update to the Audit Committee on all the related party transactions entered into by the company

6 INTERPRETATION

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and rules prescribed therein, as may be amended from time to time, shall have the meaning respectively assigned to them therein.

7 AMEDMENTS IN LAW

Amendments in Law Any subsequent amendment/modification in the Companies Act, 2013 and and/or other applicable laws in this regard shall automatically apply to this Policy.



Notes

INFORMATION TO BE PROVIDED TO THE AUDIT COMMITTEE / BOARD IN RELATION TO THE PROPOSED RELATED PARTY TRANSACTION (TO THE EXTENT RELEVANT TO THE TRANSACTION)

1. Name of the Related Party and nature of relationship;
2. Nature and duration of the contract/transaction and particulars thereof;
3. Material terms of the contract or arrangement or transaction including the value, if any;
4. In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price / value and / or material terms of the contract or arrangement including a justification to the proposed variations;
5. Any advance paid / received or to be paid / received for the contract or arrangement, if any;
6. Manner of determining the pricing and other commercial terms, whether or not included as part of contract;
7. Copy of the draft MOU, agreement, contract, purchase order or correspondence etc. if any.
8. Applicable statutory provisions, if any;
9. Valuation reports in case of sale or purchase or leasing / renting of capital assets or securities;
10. Justification as to the arm's length nature of the proposed transaction;
11. Declaration whether the transaction is in the ordinary course of business;
12. Persons / authority approving the transaction; and
13. Any other information relevant or important for the Committee / Board to take a decision on the proposed transaction.



ANNEXURE I

FORM MBP - 1

Notice of interest by director

[Pursuant to section 184 (1) and rule 9(1)]

To,
The Board of Directors

Dear Sir(s),

- A.** I,, son/daughter/spouse of, resident of, holding..... Shares (equity or preference) of Rs. 10/- each (.....percent of the paid-up Capital) in the Company in my name, being ain the Company, hereby give notice that I am interested directly/through my Relatives (Schedule) in the following company or companies, body corporate, firms or other association of individuals::-

Sr. No.	Names of the Companies /bodies corporate/ firms/ association of individuals	Nature of interest or concern / Change in interest or concern	Shareholding	Date on which interest or concern arose / changed

- B.** The Following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions;

Sr. No.	Names of the Companies /bodies corporate/ firms/ association of individuals

- C.** I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity).

Sr. No.	Name of the Person	Relation

- D.** Body Corporate (Private Companies/ Foreign) in which I am Director/ Promoter/ Manager/ CEO/ Designated Partner:

Sr. No.	Name of Body Corporate (Private Companies/ Foreign)	Position



Sustainability

E. List of Private Company(ies)/ club/ Trust/ HUF/ Society, in which I am, along with my relative holding more than 2% of paid up share capital

Sr. No.	Name of Private Company(ies)/ club/ Trust/ HUF/ Society	Position	Relation	Share holding

F. List of Firm in which me or any of my relative is Partner/ Sole Proprietor

Sr. No.	Name of Firm	Position	Relation

G. List of Companies in which I am a member in the Committee/ Sub Committee of the Board of Directors

Sr. No.	Name of Company	Position

Signature:
Name:
Designation

Place:
Date:



SCHEDULE
LIST OF RELATIVES

Sr. No.	Relationship	Full Name	Address	Shareholding in RESL
1	Spouse			
2	Father (including Step-Father)			
3	Son (including Stepson)			
4	Daughter			
5	Daughter's Husband			
6	Brother (Including Step-Brother)			
7	Sister (Including Step-Sister)			
8	Mother (including Step-Mother)			
9	Son's Wife			
10	Members of HUF			