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## RELATED PARTY TRANSACTIONS POLICY

### 1. Purpose of this policy:

Zenith Exports Limited (“ZEL” or “Company”) is governed, amongst others, by the rules and regulations framed by Securities and Exchange Board of India (“SEBI”). SEBI has mandated every listed company to formulate a policy on materiality of Related Party Transactions (“RPT”) and also on dealing with Related Party Transactions.

- A. Accordingly, the Company has formulated this policy (Policy) on materiality of Related Party Transactions and on dealing with Related Party Transactions. This Policy regulates all transactions between the Company and its Related Parties.
- B. The Board of Directors of the Company (“Board”) on recommendation of the Audit Committee of the Company (“Audit Committee”) shall review the Policy once in three years and may amend the same from time to time.

### 2. Definitions

- A. “**Act**” shall mean the Companies Act, 2013 and includes any amendment thereof.
- B. “**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
- C. “**Material RPT**”- means an RPT with thresholds as prescribed under the Listing Regulations.
- D. “**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.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended from time to time.

In case of any conflict between this Policy and applicable law, the applicable law (as existing on the date of the concerned transaction) shall prevail.



### 3. Who is a Related Party

The term Related Party is defined under Section 2 (76) of the Act, which includes

Related Party with reference to a Company, means;

- 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 his relative is a member or director;
- a public company, in which a director or manager is a director and holds along with his relatives more than 2% of its paid up share capital
- any body 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 Body Corporate which is-
  - a holding, subsidiary or an Associate Company of such company
  - a subsidiary of a holding company to which it is also a subsidiary;
  - an investing Company or the venture of the Company;

Explanation: for the purpose of this clause, “the investing Company or the venture Company” means a body corporate whose investment in the Company would result in the Company becoming an associate company of the body corporate”

- Such other persons as may be prescribed - A director (other than an Independent Director) or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.

**Associate Company:** A company in which other company has a significant influence, but which is not subsidiary company of the Company having such significant influence and includes a Joint Venture company.



Further in terms of Regulation 2(1) (zb) of the LODR, the term Related Party shall also include the related parties covered under applicable accounting standards and any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the Company.

#### **4. What is Related Party Transaction?**

The term Related Party Transaction has not been defined under the provisions of Act. However, provisions of Section 177 4(iv) and Section 188 of the Act provides for the approvals required on the basis of nature of the transactions to be entered into with related parties.

In terms of the provisions of the Section 177 4(iv) of the Act, all the transactions or any subsequent modifications of the transactions, with related parties, of any nature, whether in ordinary course of business or not, requires the approval of the Audit Committee. The Audit Committee may grant omnibus approval for related part transactions proposed to be entered into by Company.

However, any transaction other than the transactions specified in Section 188 of the Act, does not require the approval of the Audit Committee for the transactions entered into by holding Company with its wholly owned subsidiaries.

Section 188 of the Act provides for the approval of the Board of Directors or the Shareholders, as the case may be, based upon nature of transactions and threshold limits except the transactions entered at arm's length basis and ordinary course of business, with respect to following transactions entered into with Related Parties:-

- Sale, purchase or supply of any goods or materials; >10% of the turnover of the Company “or Rs 100 Crores, whichever is lower
- Selling or otherwise disposing of, or buying, property of any kind; >10 % of the net worth of the Company or Rs 100 Crores, whichever is lower
- Leasing of property of any kind; >10 % of the turnover or Networth of the Company or Rs. 100 Crores whichever is lower
- Availing or rendering of any services; >10% of the turnover of the Company “or Rs 50 Crores, whichever is lower
- Appointment of any related party to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding Rs. 2.50 lakhs.
- Underwriting the subscription of any securities or derivatives thereof, of the company, > 1% of the net worth



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Office or Place of profit: the expression “office or place of profit” means any office or place—

where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise; where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

In case of Listed entities, the definition of the related party transactions, have been defined under the Listing Regulations as follows:

“Related party transaction” means a transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract.

## 4. Identification of Related Parties and the Related Party Transactions

- i. Every promoter, director and key managerial personnel (KMP) of the Company and its subsidiaries/ Joint venture shall,
  - a. at the time of appointment;
  - b. periodically – as required by the Company
  - c. whenever there is any change in the information already submitted,

Provide requisite information about his / her Relatives and all firms, entities, body corporates, in which such promoter, director or KMP is interested, whether directly or indirectly, to the Company or the subsidiary/ Joint venture (as the case may be). Every such promoter, director and KMP shall also provide any additional information about the transaction that the Board /Audit Committee may reasonably request.

## 5. Review and approval of Related Party Transaction

Approval of Related Party Transactions

### A. Audit Committee

All the transactions which are identified as Related Party Transactions and subsequent modifications thereof, shall be approved by the Audit Committee in the manner specified under the Listing Regulations. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval



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- Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board or of shareholders, as detailed in subsequent paragraphs.
- The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23(3) of the Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions and material modifications thereof, entered into by the Company pursuant to the omnibus approval. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.
- A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.
- The Audit Committee shall also pre-approve related party transactions, where the Company is not a party, but the Company's subsidiary is a party, if the value crosses the thresholds as prescribed under the Listing Regulations.

## B. Board of Directors

In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.



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## C. Shareholders

If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, then such RPT and any subsequent material modification thereto, shall require shareholders' approval by a resolution. In such a case, any member of the Company who is a Related Party, irrespective of being related to the said transaction or not, shall not vote on resolution passed for approving such Related Party Transaction.

D. The provisions of regulation 23(2), (3) and (4) shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary and between two wholly-owned subsidiaries, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

E. In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the Company would obtain post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/ regulations. In case the Company is not able to take such prior approval from the Audit Committee, the Board and/or shareholders, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

## F. Reporting of Related Party Transactions

- Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement
- The details of all transactions with related parties shall be submitted, in the format specified, half yearly to the stock exchanges, as per the manner and timelines set-out in the Listing Regulations and the same shall be published on the Company's website.

## 6. Limitation and Amendment

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.