

POLICY ON RELATED PARTY TRANSACTIONS

OF

ARTEFACT PROJECTS LIMITED

Effective from: 01/04/2019

1st Amended on: 13/08/2019

2nd Amended on: 10/04/2025

1. INTRODUCTION

The Board of Directors, hereinafter referred to as "the Board" of ARTEFACT PROJECTS LIMITED has adopted Related Party Transactions Policy, hereinafter referred to as "this Policy" to set forth the procedures under which transactions with Related Parties and materiality thereof shall be ascertained and considered subsequently for approval. This Policy also aims to comply with the provisions of Section 188 of the Companies Act 2013 and Regulation 23 of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, as amended by Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 and Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 (SEBI Listing Regulations). This Policy applies to transactions between the Company and one or more of its Related Party(ies) as defined here in below. It provides a framework for governance and reporting of Related Party Transactions including Material Related Party Transactions.

2. POLICY OBJECTIVE

This Policy is intended to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties. This policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions.

3. DEFINITIONS

For the purposes of this policy, the following definitions apply:

"**Act**" means the Companies Act, 2013 and Rules thereunder and includes any amendment thereof.

"**Regulation**" means the Regulation No. 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

"**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. This policy shall be applicable to all Related Party Transactions entered into on or after 1st October, 2014.

"**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. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

"**Company**" means **ARTEFACT PROJECTS LIMITED**.

"**Relative**" with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder.

"**Related Party**" have the meaning as defined in Section 2(76) of Companies Act, 2013 or under the applicable accounting standards and Regulation 2(1)(zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereof including following.

a. All persons or entity belonging to the promoter or promoter group will be regarded as related party, irrespective of its shareholding in the listed entity or
b. Any person or entity holding equity shares 10% or more in the listed entity directly or through beneficial interest basis as provided under Section 89 of the Act at any time, during the immediately preceding financial year shall be deemed to be related party.

"**Related Party Transaction**" have the meaning as defined under Regulation 2(1)(zc) of the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 and amendments thereof as means a transaction involving a transfer of resources, services or obligations between: (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or (ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries 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.

Provided that the following shall not be a related party transaction:

a. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

b. the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

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.

c. retail purchases from the Company or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.

"**Material modification**" will mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

"**Material Related Party Transaction**" means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs.1,000 Crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.". The 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, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

"**Key Managerial Personnel**" or "**KMP**" shall have the meaning as defined in Section 2(51) of the Act. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.

4. MATERIALITY THRESHOLDS

Regulation 23 of the SEBI Listing Regulations requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required on such resolutions whether the entity is a related party to the particular transaction or not. The Company has fixed its materiality threshold at 10% of the annual consolidated turnover of the company as per last audited financial statements of the company for the purpose of Regulation 23(4) of the SEBI Listing Regulations.

5. MANNER OF DEALING WITH RELATED PARTY TRANSACTION

5.1. Identification of Related Parties

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1) (zb) of the SEBI Listing Regulations.

5.2. Identification of Related Party Transactions

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations. The Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company will seek external expert opinion, if necessary.

6. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION

6.1. Approval of the Audit Committee

A. All related party transactions and subsequent material modifications require prior approval of the Audit Committee, only those members of the audit committee, who are independent directors, shall approve related party transactions.

A RPT to which the Company's subsidiary is a party but the Company is not, will require prior approval of the Company's Audit Committee if the value of such transaction whether entered individually or taken together with previous transactions during a financial year, exceeds 10% of the subsidiary's annual standalone turnover, as per the subsidiary's last audited financial statements.

Remuneration and sitting fees paid by the Company 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.

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 transaction
- **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)** the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
- **v)** any other condition as specified by the audit committee:

If any failure to seek ratification 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 Company against any loss incurred by it."

B. The Company or its subsidiary may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

a. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following namely:

i) Maximum value of the transaction, 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, related party transaction entered into by the company pursuant to each 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. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company;

d. The omnibus approval shall provide details of

i) the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into,

ii) basis of arriving at the indicative base price / current contracted price and the formula for variation in the price if any and

iii) such other conditions as the Audit Committee may deem fit. Provided that where the need for related party transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees 1 crore per transaction.

e. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the company or its subsidiary pursuant to the omnibus approval given;

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

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

h. Any other conditions as the Audit Committee may deem fit.

C. In compliance to the approval of the Board of Directors, the Audit Committee of the Company has specified following criteria for granting omnibus approval:

a. The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold as defined in Clause 4 of the Policy.

b. While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the required documents / seek the necessary information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not.

c. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered by the company or its subsidiary pursuant to each omnibus approval given.

d. Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:

i) Transactions which are not at arm's length or not in the ordinary course of business.

ii) Transactions which are not repetitive in nature.

iii) Transactions exceeding materiality thresholds as laid down in Clause 4 of the Policy.

iv) Transactions in respect of selling or disposing of the undertaking of the Company.

v) Any other transaction the Audit Committee may deem not fit for omnibus approval.

6.2. Approval of the Board of Directors of the Company

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 not at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

a. Transactions which may be in the ordinary course of business and at arm's length basis, but which are 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 Audit Committee approval;

b. 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;

c. Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval.

d. Transactions meeting the materiality thresholds laid down in Clause 4 of the Policy, which are intended to be placed before the shareholders for approval.

6.3. Approval of the Shareholders of the Company

All the transactions with related parties exceeding the materiality thresholds, laid down in Clause 4 of the Policy or any subsequent material modifications are placed before the shareholders for approval. For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which

a. are not at Arm's Length or not in the ordinary course of business; and

b. exceeds the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

However, the requirement of shareholders' approval shall not be applicable for transactions entered into between the company and its wholly owned subsidiary and transactions entered into between two wholly-owned subsidiaries whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.

6.4. Related Party Transactions that shall not require Approval

Following transactions shall not require separate approval under this policy:

a. Any transaction pertaining to appointment and remuneration of Directors and KMPs that has already been approved by the Nomination and Remuneration Committee of the Company or the Board;

b. Transactions that have been approved by the Board under the specific provisions of the Companies Act, e.g. inter-corporate deposits, borrowings, investments with or in wholly owned subsidiaries or other Related Parties;

c. Payment of Dividend;

d. Contribution to Corporate Social Responsibility (CSR), subject to approval of CSR Committee and within the overall limits approved by the Board of Directors of the Company.

7. DISCLOSURE(S)

Details of all Material Related Parties Transactions shall be disclosed, on half yearly basis to the Stock Exchanges.

The Company shall submit within 15 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the

relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

The Company shall disclose the policy on dealing with Related Party Transactions on its website and provide weblink in the Annual Report. 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.

Provided further that the remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is a part of promoter or promoter group, shall not require disclosure under this sub- regulation provided that the same is not material.

8. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all the relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation by the defaulting person (as may be decided by the Audit Committee) to the related party or the Company as the case may be, etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

9. AMENDMENTS TO THE POLICY

This policy shall be reviewed by the board of directors at least once every three years and updated accordingly. The Audit Committee of the Company shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company.

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) 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), etc.

10. COMPLIANCE RESPONSIBILITY

Compliance of this Policy shall be the responsibility of the Company Secretary of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

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