

WARREN TEA LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTION

1. PREAMBLE:

The Board of Directors of the Company based on the recommendation of the Audit Committee, has adopted the following Policy and procedure with regard to Related Party Transactions. The policy envisages the procedure governing Related Party Transactions required to be followed by the Company to ensure compliance with the Laws and Regulations. The Audit Committee will review the same from time to time and propose the amendment required in the policy to the Board of Directors.

2. PURPOSE:

Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (hereinafter referred to as the “Listing Regulations”), Warren Tea Limited (hereinafter referred to as the “Company”) is required to formulate a policy on materiality of related party transactions and dealing with related party transactions. The Board of Directors of the Company has formulated and adopted a Policy on Related Party Transactions (“Policy”) in terms of the aforesaid provisions.

This Policy has been framed 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.

3. DEFINITIONS:

“Act” means the Companies Act, 2013.

“Accounting Standards” means the standards of accounting or any addendum thereto for companies or class of companies referred to in Section 133 of the Act.

“Audit Committee” or “Committee” means Committee of Board of Directors of the Company constituted under provisions of the Listing Regulations as well as the Companies Act, 2013.

“Board” means Board of Directors of the Company.

“Related Party” means

Related party as defined under Section 2(76) of the Companies Act, 2013; or under the applicable Accounting Standards.

Further, the following person or entity shall be deemed to be a related party:

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (b) any person or any entity, holding equity shares:
 - (i) of twenty per cent or more; or
 - (ii) of ten per cent or more, with effect from April 1, 2023; in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year.

Provided further that the aforesaid definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s).”

“Associate Company” means a Company which has significant influence but which is not a subsidiary of the Company having such influence and includes a joint venture Company. It shall also include an entity which is an associate as per the applicable accounting standards.

“Subsidiary” means a subsidiary as defined under sub-section 2(87) of the Companies Act, 2013.

“Significant Influence” means control of at least 20% of the total voting power, or control of or participation in business decisions under an agreement.

“Joint Venture” means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and Companies Act, 2013.

“Related Party Transaction” (“RPT”) 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, with effect from April 1, 2023;

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.

Further, Related Party Transaction shall include the following transactions, either single or a group of transactions in a contract:

- a. sale, purchases or supply of any goods or materials;
- b. selling or otherwise disposing of, or buying, property of any kind;
- c. leasing of property of any kind;
- d. availing or rendering of any services;
- e. appointment of any agent for purchases or sale of goods, materials, services or property;
- f. such related party’s appointment to any office or place of profit in the company, its subsidiary company or associate company;
- g. underwriting the subscription of any securities or derivatives thereof, of the company.”

“Policy” means this Policy on Related Party Transactions.

“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.

“Material Related Party Transaction” means a transaction with a related party, where in if the value of transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower or such limits as may be prescribed either in the Companies Act, 2013 or the Listing Regulations, from time to time.

However, 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, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company.

“Material Modifications” shall mean and include any modification to an existing related party transaction having variance of 10% or more of the existing limit as sanctioned by the Audit Committee/Board/Shareholders, as the case may be or such modifications which would make the transaction less favourable to the company..

“Relative” shall have the same meaning as assigned to it under Section 2(77) of the Companies Act, 2013 and the Rules made thereunder.

“Key Managerial Personnel” mean key managerial personnel as defined under the Companies Act, 2013 as under:

- (i) Managing Director, or Chief Executive Officer and in their absence the manager,
- (ii) Whole-time Director;
- (iii) Company Secretary;
- (iv) Chief Financial Officer;
- (v) such other officer not more than one level below the directors who is in the whole time employment and designated as Key Managerial Personnel by the Board; and
- (vi) such other officer as may be prescribed under Companies Act, 2013 and Rules framed thereunder.”

“Office or Place of Profit” means any office or place:

- (i) 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;
- (ii) 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.”

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

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 and as amended from time to time.

4. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS:

Each director and Key Managerial Personnel is required to give notice of disclosure of interest under Sections 184 and 189 of the Companies Act 2013, along with list of relatives to the Company. The Company shall ensure that no transaction is entered into with any entity/individual disclosed by the director/ KMP without requisite approvals.

The Board/Audit Committee will determine whether the transaction requires compliance with this policy or not.

5. APPROVAL OF RELATED PARTY TRANSACTIONS:

(a) AUDIT COMMITTEE APPROVAL

All Related Party Transactions and subsequent modifications shall require prior approval of the Audit Committee of the Company whether at a Meeting of the Audit Committee or by Resolution by Circulation. Provided that only those members of the Audit Committee, who are independent directors, shall approve Related Party Transactions.

The Company shall provide the following information, for review of the audit committee for approval of a proposed Related Party Transaction:

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the listed entity’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);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity 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.
- g. Justification as to why the RPT is in the interest of the listed entity;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- j. Any other information that may be relevant

The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- c. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) 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 Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

- d. the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given. The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- f. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

The following related party transactions shall not require prior approval of the Audit Committee of the Company:

- i. A transaction, other than a transaction referred to in Section 188 of the Companies Act, 2013, between the Company and its Wholly-owned Subsidiary whose accounts are consolidated with the 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. A related party transaction to which the subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year does not exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;
- iv. 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, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, does not exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.
- v. A related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the Listing Regulations are applicable to such listed subsidiary.

- vi. Transactions between unlisted subsidiary of a listed subsidiary (i.e. step down subsidiary of the listed entity) and related party of the Company or related party of such subsidiary, provided the listed subsidiary seeks prior approval of its Audit Committee.

(b) APPROVAL OF BOARD OF DIRECTORS

All the Related Party Transactions and subsequent material modification shall be approved by the Board of Directors of the Company, except:

- (i) transactions entered into by the company are in its ordinary course of business; and
- (ii) transactions are at an arm's length basis.

(c) APPROVAL OF SHAREHOLDERS

All transactions with Related Parties exceeding the materiality thresholds and any subsequent material modification, as stated below, shall require prior approval of the Shareholders by a resolution:

- a) If the transaction/transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower;
- b) A transaction involving payments made with respect to brand usage or royalty, if the transaction/transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company;
- c) All transactions specified under Section 188 of the Companies Act, 2013 which are not at arm's length or not in the ordinary course of business and exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time.

The following related party transactions shall not require prior approval of the shareholders of the Company:

- i. Transactions entered into between the Company and its Wholly-owned Subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- ii. Transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- iii. A related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of Listing Regulations are applicable to such listed subsidiary.
- iv. Transactions between unlisted subsidiary of a listed subsidiary (i.e. step down subsidiary of the listed entity) and related party of the Company or related party of such subsidiary, provided the listed subsidiary seeks prior approval of the shareholders.

No related party shall vote to approve the resolution whether the entity is a related party to the particular transaction or not. Provided that this requirement shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Information to be provided to shareholders for consideration of RPTs:

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- a. A summary of the information provided by the management of the listed entity to the audit committee;
- b. Justification for why the proposed transaction is in the interest of the listed entity;

- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under point 4(f) above; (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs.)
- d. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f. Any other information that may be relevant.

(d) RELATED PARTY CONTRACTS ENTERED WITHOUT PROPER APPROVAL OF BOARD/SHAREHOLDERS:

Where any contract or arrangement is entered into by a Director or any other employee of the Company, without obtaining the consent of the Board or approval by a Resolution in the General Meeting, as applicable and if it is not ratified by the Board or, as the case may be, by the shareholders at the Meeting within 3 months from the date from which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with the related party to any Director or is authorised by any Director, the Director(s) concerned shall indemnify the Company against any loss incurred by it.

Without prejudice to the above, it shall be open to the Company to proceed against the Director or any other employee who had entered into such contract or arrangement for recovery of any loss sustained by it as a result of such contract or arrangement.

The Director or any other employee responsible for the violation shall be punishable with imprisonment and fine as prescribed under the Companies Act, 2013.

6. FOLLOWING TRANSACTIONS NOT TO BE CONSIDERED AS RELATED PARTY TRANSACTIONS:

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

1. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel 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.
2. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
3. 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
4. The following corporate actions by the listed entity 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.
5. Any transaction arising out of Compromises, Arrangements and Amalgamations dealt with under specific provisions of the Companies Act, 1956/ Companies Act, 2013.

7. EXISTING CONTRACTS, IF ANY:

The Policy shall operate prospectively and all the Contracts entered into by companies, after making necessary compliances under the Companies Act, 1956, which already came into effect before the commencement of the Companies Act, 2013, i.e. April 1, 2014, will not require fresh approval till the expiry of the original term of such contracts. However, any agreement for material transactions which has been already approved and continued to be operational beyond March 2015, clause 5 of this policy needs to be followed.

8. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:

In the event the Company becomes aware of a Related Party Transaction(s) with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Committee shall consider all the relevant facts and circumstances regarding the Related Party Transactions, and shall evaluate all options available to the Company, including ratification by it or recommending the Board for their ratification or seeking approval of Shareholders, revision or termination of the Related Party Transactions.

The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transactions to the Committee under this Policy, and shall take any such action as it deems appropriate.

Further, in case any transaction (not being a specified transaction between the Company audits wholly owned subsidiary) involving any amount not exceeding ₹ 1 crore is entered into by a Director or Officer of the Company without obtaining the approval of the Audit Committee and which is not ratified by the Audit Committee within 3 months from the date of the transaction, such transaction will be 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 concerned shall indemnify the Company against any loss incurred by it.

In any case, where the Committee determines not to ratify a Related Party Transaction(s) that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the Related Party Transaction(s). The Committee shall have the authority to modify or waive any procedural requirements of this Policy.

9. DISCLOSURES:

- Related Party Transactions shall be disclosed in the Annual Report as prescribed under the Companies Act, 2013 and the Listing Regulations.
- The Company shall disclose to the Stock Exchange(s) on quarterly basis the details of all material related party transactions along with the compliance report on Corporate Governance.
- The Company shall submit to the Stock Exchanges disclosure of Related Party Transactions in the format as specified by the SEBI from time to time and also publish the same on its website.

The Company and its subsidiaries shall in 'Corporate Governance Report' disclose Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount.

- The Related Party Transactions Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.
- Such other disclosures as may be prescribed under applicable laws and regulations.

10. MISCELLANEOUS:

The right to interpret/amend/modify this Policy vests in the Board of Directors of the Company as may be recommended by the Audit Committee. This Policy will be communicated to all Directors, KMPs, operational employees and other concerned persons of the Company. The Policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.

In case of any subsequent changes in the provisions of the Act or the Listing Regulations which makes any of the provisions in the Policy inconsistent with the Act or the Listing Regulations, then the provisions of the Act or the Listing Regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with the Act or the Listing Regulations.

Date of Original adoption / Revision	Effective date of the Policy
Revised on 28.03.2019	28.03.2019
Revised on 11.02.2022	01.04.2022(unless otherwise specifically mentioned)

(Approved by the Board of Directors at
its meeting held on 11th February, 2022)

Vinay K Goenka
Executive Chairman