



CL EDUCATE LIMITED

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

Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions

(Reviewed and approved by the Board of Directors of the Company on March 17, 2019. Modified on February 02, 2022 w.e.f. April 01, 2022. Further modified on February 04, 2025 with immediate effect)

The Board of Directors (the “**Board**”) of CL Educate Limited (the “**Company**”) on April 01, 2019 has adopted this ‘Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions’ (“**Policy**”) in compliance with the requirements of Sections 177 and 188 of the Companies Act, 2013 (“the Act”), and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (“**LODR Regulations**”).

Effective Date: This Modified Policy shall come into effect on and from February 04, 2025

1. Definitions:

“**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.

“**Audit Committee**” - shall mean the Audit Committee of the Board of Directors constituted in accordance with the provisions of the Companies Act, 2013 and LODR Regulations.

“**Board**” - means the Board of Directors of CL Educate Limited.

“**Material Modification**”- The modification in a transaction with a related party shall be considered material if the modification exceeds [fifteen percent] of the maximum amount of transaction approved by the Audit Committee.

“**Material Related Party Transaction**” - a transaction with a related party 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 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 other limit as may be specified under applicable laws / regulations from time to time, as the case may be.

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 to be entered into, either 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 or such other limit as may be specified under applicable laws / regulations from time to time, as the case may be.

“**Ordinary Course of Business**” - with reference to a transaction with a related party means a transaction which is:

- i. carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time; or
- ii. historical practice with a pattern of frequency; or
- iii. common commercial practice; or

- iv. meets any other parameters/criteria as decided by the Board/Audit Committee, from time to time.

“Policy” - means this policy, as amended from time to time.

“Related Party” - in relation to the Company means a party related with the Company in any of the ways as laid down in section 2(76) of the Companies Act, 2013 or under applicable accounting standards.

Provided that:

- (a) any person or entity forming a part of the promoter or promoter group of the Company; or
- (b) any person or any entity, holding equity shares of ten per cent or more in the Company either directly or on a 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 a related party.

“Related Party Transaction”- means a transaction involving a transfer of resources, services or obligations between:

- i. the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
- ii. the Company 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 Company 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:

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.

2. Approval of Related Party Transactions

a) AUDIT COMMITTEE

All related party transactions and subsequent material modifications shall require prior approval of the Audit Committee of the Company.

Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

A Related Party Transaction to which the subsidiary of the Company is a party but the Company itself 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 consolidated turnover**, as per the last audited financial statements of the Company;

With effect from April 1, 2023, a Related Party Transaction to which the subsidiary of the Company is a party but the Company itself 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;

[In case there is a listed subsidiary of the Company in future, prior approval of the Audit Committee of the Company shall not be required for a Related Party Transaction to which any listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of LODR regulations are applicable to such listed subsidiary.]

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 in terms of the provisions of LODR Regulations.

i. The prior approval of the Audit Committee shall also not be required for the following transactions:

- Transactions (other than a transaction referred to in Section 188 of the Companies Act, 2013) entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the accounts of the Company and placed before the shareholders at the general meeting for approval, and/or
- Transactions entered into between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the accounts of the Company and placed before the shareholders at the general meeting for approval.

3. Ratification of Related Party Transactions:

A. 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 in terms of the provisions of LODR Regulations;

- 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 half-yearly Related Party Transactions;
- v. any other condition as may be specified by the Audit Committee or as may be prescribed under the LODR Regulations or any other law or regulation, as may be applicable from time to time.

Provided that 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 listed entity against any loss incurred by it.

B. Omnibus Approval

Audit committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company or its subsidiary, subject to the following conditions, namely-

- a) such approval shall be applicable in respect of transactions which are repetitive in nature;
- b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;
- c) the omnibus approval shall specify:
 - i. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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 rupees one crore per transaction.

- d) the audit committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company or its subsidiary pursuant to each of the omnibus approvals given.
- e) Such omnibus approvals shall be valid for a period of one year and shall require fresh approvals after the expiry of one year:

Transactions of the following nature are not to be subjected to the omnibus approval mechanism:

- i. Transactions in respect of selling or disposing of the undertaking of the Company.
- ii. Any other transaction as may be specified by the Audit Committee.

Criteria for making Omnibus Approval: While granting omnibus approval, the Audit Committee shall consider the following:

- Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
- Maximum value per transaction which can be allowed;
- Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
- Review, at such intervals as the Audit Committee may deem fit, Related Party Transactions entered into by the Company pursuant to each of the omnibus approval made; and
- Transactions which cannot be subject to the omnibus approval by the Audit Committee.

Provided further that in case of transactions, other than transactions referred to in section 188, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board:

Provided also that in case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the 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.

C. BOARD OF DIRECTORS

The consent of the Board, given by a resolution passed at a meeting shall be required for the following Related Party Transactions which are not in the ordinary course of business or not at arm's length basis:

- (a) sale, purchase 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 purchase 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; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company:

D. SHAREHOLDERS

i. The approval of the Shareholders shall be required for the following transactions:

- All material related party transactions and subsequent material modifications. Prior approval of the shareholders shall be required through resolution.
- A related party transaction referred to in Section 188 of the Companies Act, 2013, which is not in the ordinary course of business, or not at arm's length basis and which exceeds the thresholds as prescribed under Section 188 of the Companies Act, 2013.

No related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not

ii. Notwithstanding the above, the approval of the Shareholders shall not be required for the following transactions:

- Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the accounts of the Company and placed before the shareholders at the general meeting for approval,
- Transactions entered into between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the accounts of the Company and placed before the shareholders at the general meeting for approval.
- Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and the Central Government or any State Government or any combination thereof on the other hand.
- Any other transaction as may be exempted by virtue of any law for the time being in force.

4. Reporting of Related Party Transactions:

The Company shall submit to the stock exchanges disclosures of related party transactions in the format specified by SEBI from time to time, and publish the same on its website. Provided 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 part of promoter or promoter group, shall not require the afore-said disclosure provided that the same is not material in terms of the provisions of LODR Regulations.

Every contract or arrangement, which is required to be approved by the Board/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 material transactions with related parties will be included in the corporate governance report which is required to be submitted to the stock exchanges on a quarterly basis.

The Company shall disclose its policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report of the Company.

5. Amendments:

The Board shall review this Policy every three years, or such period as may be stated in law from time to time, and make suitable modifications, as may be necessary.

In the event of any conflict between the provisions of this Policy and of the LODR Regulations / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such LODR Regulations / Companies Act, 2013 or statutory enactments or rules shall prevail over this Policy.