CONTINENTAL CONTROLS LIMITED

RELATED PARTY TRANSACTION POLICY

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❖ SCOPE AND PURPOSE OF THE POLICY

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Continental Controls Limited ("the Company") has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, Regulation 23(1) of the SEBI Listing Regulations requires the company to formulate a policy on materiality of related party transactions and dealing with related party transactions.

In the light of the above, the Company has framed this Policy on Related Party Transactions ("Policy"). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee will review and amend the Policy, as and when required, subject to adoption by the Board.

❖EFFECTIVE DATE

The Policy shall come into force with effect from August 06, 2025

❖ OBJECTIVE OF THE POLICY

Related party transactions have been one of the major areas of focus for corporate governance reforms being initiated in India. The changes introduced in the corporate governance norms through Section 188 of the Companies Act, 2013, as amended and the rules framed thereunder ("Companies Act") and Regulation 23 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations") require the companies to have enhanced transparency and due process for approval of the related party transactions. Pursuant thereto, Section 188 of the Companies Act and Regulation 23 of the SEBI Listing Regulations require the Company to formulate a policy on materiality of related party transactions and also on dealing with related party transactions.

Accordingly, the board of directors ("Board") of the Company has adopted the following policy with regard to related party transactions. The Audit Committee of the Company will review this policy on an annual basis and propose any modifications to the Board for approval.

❖ DEFINITIONS

"Act" means the Companies Act, 2013

"Regulation 23" means the Regulation 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.

"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.

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

"Related Party" have the meaning as defined in Section 2(76) of Companies Act, 2013 and Regulation 2(1)(zb) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations,2015

"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 as means transfer of resources, services or obligations between a listed entity and a related party, regardless of whether 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, including but not limited to the following–

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. appointment to any office or place of profit in the company

g. underwriting the subscription of any securities or derivatives thereof, of the company

"Material Related Party Transaction" means a transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceed ten percent of the annual turnover of the company as per the last audited financial statements of the company or such higher limit as may prescribed under rule 23(1) of the LODR with a related party."

Royalty / brand usage payment to a related party (all transactions taken together in a financial year) shall deemed to be material if the transactions exceed 5% of the annual consolidated turnover of the Company during as per the last audited financial statement of the Company or such higher limit as may prescribed under rule 23(1) of the LODR.

"Key Managerial Personnel" or **"KMP"** shall have the meaning as defined in the Companies Act 2013

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.

❖ INTERPRETATION

1. Any words used in this Policy but not defined herein shall have the same meaning prescribed to it in the Companies Act, the Securities and Exchange Board of India Act, 1992, as amended, or rules and regulations made thereunder including the SEBI Listing Regulations, the applicable accounting standards or any other relevant legislation/law applicable to the Company.
2. The reference to the masculine gender in the Policy shall be deemed to include a reference to feminine gender.
3. In case of any dispute or difference upon the meaning/interpretation of any word or provision in this policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee shall be final. In interpreting such term/provision, the Audit Committee may seek the help of any of the officers of the Company or an external expert as it deems fit.

❖ 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 and the related parties shall abstain from voting 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.

❖ MANNER OF DEALING WITH RELATED PARTY TRANSACTION

1.1 Disclosure by Directors

Every director shall at the beginning of the financial year provide information by way of written notice to the Company regarding his concern or interest in the entity with specific concern to parties which may be considered as Related Party with respect to the Company and shall also provide the list of relatives which are regarded as Related Party as per this Policy.

Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this Policy.

1.2 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.

1.3 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.

1.4 PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION

1.4.1 Approval of the Audit Committee

A. All related party transactions and subsequent material modifications require prior approval of the Audit Committee. However, the Company 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 amount 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, viz: -

   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 one 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 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

B. 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 of the transactions, in aggregate, which can be allowed under omnibus route in a year will be not exceeding Rupees One Crore per transaction.

b. 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 Materiality Policy.

c. While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek the following 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:

i. Nature of the transaction i.e. details of goods or property to be acquired / transferred or services to be rendered / availed (including transfer of resources) – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;

ii. Key terms (such as price and other commercial terms contemplated under the arrangement) of the proposed transaction, including value and quantum;

iii. Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction;

iv. Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;

v. Benchmarking information that may have a bearing on the arm's length basis analysis, such as:

1. market analysis, research report, industry trends, business strategies, financial forecasts, etc.;

2. third party comparable, valuation reports, price publications including stock exchange and commodity market quotations;

3. management assessment of pricing terms and business justification for the proposed transaction;

4. comparative analysis, if any, of other such transaction entered into by the company

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

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

1. Transactions which are not at arm's length or not in the ordinary course of business
2. Transactions which are not repetitive in nature
3. Transactions exceeding materiality thresholds as laid down in Clause [4]of the Materiality Policy.
4. Transactions in respect of selling or disposing of the undertaking of the company
5. Financial Transactions e.g. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties
6. Any other transaction the Audit Committee may deem not fit for omnibus approval

1.4.2 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

1.4.3 Approval of the Shareholders of the Company

All the transactions with related parties exceeding the materiality thresholds, laid down in Clause [4] of the Materiality Policy, 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) exceed 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 whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.

❖ DISCLOSURES

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transaction.

In addition to the above, the Company shall also provide details of all related party transactions exceeding the materiality threshold (laid down in Clause[4] of the Materiality Policy above) on a quarterly basis to the stock exchanges.

❖ 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.

❖ AMENDMENTS

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/modification in the Act or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

❖ REVIEW OF THE POLICY

The adequacy of this Policy shall be reviewed and reassessed by the Committee periodically and appropriate recommendations shall be made to the Board to update the Charter based on the changes that may be brought about due to any regulatory amendments or otherwise.

❖ COMPLIANCE RESPONSIBILITY

Compliance of this Policy shall be the responsibility of the Chief Finance Officer and 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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