

# **CRAYONS ADVERTISING LIMITED**

(CIN: L52109DL1986PLC024711)

(Address: NSIC Complex, Maa Anandmayee Marg, Okhla Industrial Estate, Phase-III, New Delhi-110020)

## **POLICY ON RELATED PARTY TRANSACTION**

(W.e.f. 25<sup>th</sup> July 2025)

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### **1. INTRODUCTION**

This Policy has been formulated in accordance with the provisions of the Companies Act, 2013 (hereinafter referred to as “**Act**”) and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time (hereinafter referred to as “**Listing Regulations**”).

### **2. SCOPE AND PURPOSE OF THE POLICY**

The objective of this Policy is to set out (a) the materiality thresholds for Related Party Transactions and; (b) the manner of dealing with Related Party Transactions based on the Act and Listing Regulations.

### **3. DEFINITIONS**

- 3.1 “**Act**” shall mean the Companies Act, 2013 and rules made thereunder including any modifications, clarifications, circulars or re-enactment thereof.
- 3.2 “**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 as defined in explanation (b) to Section 188 (1) of the Act.
- 3.3 “**Associate Company**” means associate company as defined in Section 2(6) of the Act or under the applicable accounting standards.
- 3.4 “**Audit Committee or Committee**” means a Committee of Board of Directors of the Company constituted under provisions of Listing Regulations and the Act.
- 3.5 “**Board**” means Board of Directors of the Crayons Advertising Limited, as constituted from time to time.
- 3.6 “**Company**” means Crayons Advertising Limited (**Crayons**).
- 3.7 “**Key Managerial Personnel**” mean key managerial personnel as defined under Section 2(51) of the Act.
- 3.8 “**Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 as amended from time to time.
- 3.9 “**Material Modification**” in relation to a Related Party Transaction approved by the Audit

Committee or a Material Related Party Transaction approved by the shareholders, as the case may be, means any variation having an impact on the monetary limits already approved by the Audit Committee or shareholders, exceeding 25% of the originally approved transaction.

Provided that change in the value of RPT on account of following shall not be considered as material modification:

1. Change in quantity or rate of the existing RPT due to the reasons beyond the control of the Related Parties; and
2. Change due to revision/ imposition of statutory levies like taxes, duties, etc.”

3.10 **“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 listed entity as per the last audited financial statements of the listed entity, whichever is lower.

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(s) to be entered into individually or taken together with previous transactions during a financial year exceeds 5% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company.

This sub-limit would be considered within overall 10% limit to determine Material RPTs.

With effect from 1<sup>st</sup> April 2025, in case of a listed entity which has listed its specified securities on the SME Exchange, 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 fifty crore or ten per cent. of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

3.11 **“Ordinary Course of Business”** includes but not limited to a term for activities that are necessary, normal, and incidental to the business. These are common practices and customs of commercial transactions. In law, the ordinary course of business covers the usual transactions, customs and practices of a certain business and of a certain firm. Indicative factors for determining term ordinary course of business:

- a) is normal or otherwise remarkable for your particular business (i.e., features in your system, processes, advertising, staff training, etc.);
- b) is frequent and regular;
- c) involves significant amounts of money;
- d) is a source of income for your business;
- e) involves significant allocation of resources;
- f) is involved in a service or product that is offered to customers;
- g) activity covered in the objects clause of the Memorandum of Association;

3.12 **“Policy”** means Related Party Transaction Policy of Crayons.

3.13 **“Related Party”** means a related party as per definition under Listing Regulations, as amended from time to time, and means as defined under section 2 (76) of the Act or under the 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.

3.14 **“Related Party Transaction”** (RPT) means RPT as per definition of Listing Regulation, as amended from time to time, and means any 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, 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,

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 SEBI (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 Company 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.

3.15 **“Relative”** means a relative as defined in Section 2(77) of the Act.

3.16 **“Subsidiary Company”** means subsidiary company as defined in Section 2(87) of the Act.

Any other word(s) or expression(s) used in this Policy and not defined herein shall have the same meaning as defined in the Act including any statutory modification or re-enactment thereof or Rules

made thereunder, Listing Regulations, Securities Contracts (Regulation) Act, 1956 or the Securities and Exchange Board of India Act, 1992 or the Depositories Act, 1996 and/or the rules or regulations made thereunder or any other relevant legislation/ law applicable to the Company.

#### **4. APPROVAL OF RELATED PARTY TRANSACTIONS**

##### **4.1 Approval of the Audit Committee**

All Related Party Transactions and subsequent Material Modifications shall require prior approval of the Audit Committee and only those members of the Audit Committee, who are independent directors, shall approve the Related Party Transactions.

Further, in terms of Regulation 23 (2) of the Listing Regulations:

1. a related party transaction to which any subsidiary of Crayons. is a party but Crayons is not a party, shall require prior approval of the Audit Committee, 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;
2. However, in case of Related Party Transaction of a listed subsidiary of Crayons (where Crayons is not a party), prior approval of the Audit Committee of the listed subsidiary of Crayons. shall suffice.
3. Remuneration and Sitting Fees paid by the Company or its Subsidiary Company 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 terms of the provisions of Regulation 23(1) of Listing Regulations.
4. 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 Regulation 23(1) of Listing 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 Related Party Transactions in terms of the provisions of Regulation 23(9) of Listing Regulations;
  - v.) any other condition as specified by the Audit Committee:

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 Company against any loss incurred by it.

5. However, as per Rule 6A of the Companies (Meeting of Board and its Powers) Rules, 2014, as amended from time to time and the Listing Regulations, the Audit Committee may grant the

omnibus approval for Related Party Transactions proposed to be entered into by the Company or its Subsidiary Company subject to the following conditions:

- a) The Audit Committee shall lay down the criteria for granting omnibus approval in line with this policy and such approval shall be applicable in respect of transactions which are frequent/ regular/ repetitive in nature.
- b) The Audit Committee shall grant omnibus approval to the transactions which are in the Ordinary Course of Business and the transactions which are on Arm's Length basis.
- c) The Audit Committee shall grant omnibus approval to all such transactions as the Audit Committee may consider proper.
- d) The Audit Committee shall satisfy itself the need for such omnibus approval in the best interest of the Company.
- e) Such Omnibus approval shall specify:
  - i.) the name(s) of the Related Party, nature of transaction, duration/ 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 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.

- f) The Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company or its Subsidiary Company pursuant to each of the omnibus approval given.
- g) The omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of one year from the date of approval.

#### **4.2 Approval of the Board of Directors of the Company**

As per section 188(1) of the Act read with applicable Rules, except with consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed, no company shall enter into any contract or arrangement with a Related Party with respect to:

- 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;

Provided that nothing in this sub-section shall apply to any transactions entered into by the Company in its Ordinary Course of Business other than transaction which are not on Arm's Length basis.

### 4.3 Approval of the Shareholders of the Company

The following transactions require prior approval of shareholders of the Company, as prescribed under Section 188(1) of the Act, read with Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014:

S. No.	Specified RPT(s) u/s 188(1) of the Act	Threshold limits (standalone basis) for approval of Shareholders
1.	sale, purchase or supply of any goods or materials, directly or through appointment of agent	amounting to 10% or more of the turnover of the Company
2.	selling or otherwise disposing of, or buying property of any kind, directly or through appointment of agent	amounting to 10% or more of net worth of the Company
3.	leasing of property of any kind	amounting to 10% or more of turnover of the Company
4.	availing or rendering of any services, directly or through appointment of agent	amounting to 10% or more of the turnover of the Company
5.	such Related Party's appointment 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
6.	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company	Exceeding 1% of the net worth

Provided that nothing in this sub-section shall apply to any transactions entered into by the Company in its Ordinary Course of Business other than transaction which are not on Arm's Length basis.

**4.4** In terms of Regulation 23(4) of the Listing Regulations, all Material Related Party transactions and subsequent Material Modifications thereto shall require prior approval of the shareholders through resolution and no Related Party shall vote to approve such resolutions whether the entity is a Related Party to the particular transaction or not.

### 4.5 Exemption:

1. Transaction entered into between two public sector companies;
2. Transaction entered into between a holding and its wholly owned subsidiary whose accounts are consolidated with such holding and placed before the shareholders at the general meeting for approval;
3. 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;
4. Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand;
5. Transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

## **5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS**

### **5.1 Audit Committee/ Board's Approval**

The following details/information shall be provided to the Audit Committee/ Board for entering into Related Party Transaction(s) (in case of non-exempted categories of RPT and in case of exempted categories of RPT, as may be required):

- 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.

### **5.2 Factors to be considered by the Audit Committee/ Board**

While approving, the Audit Committee/ Board may, inter-alia, consider the following factors:

- a) all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party;
- b) whether the terms of the Related Party Transaction are in the Ordinary Course of Business of the Company and are on an Arm's Length basis, at the time of entering into the transaction;
- c) business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- d) whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or KMP of the Company;
- e) Director or KMP shall not participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the Director/ KMP shall provide

all material information concerning the Related Party Transaction to the Audit Committee/ Board;

f) any other matter the Audit Committee/ Board deems relevant.

## **7. VOTING**

All entities/ Members falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

## **8. DISCLOSURES**

- a. Every Contract or arrangement entered with Related Parties with the approval of Board / Shareholders in line with Section 188 of the Act shall be referred in the Board's Report to the shareholders along with the justification for entering into such contract or arrangements.
- b. The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board 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 Company to its Director, Key Managerial Personnel or Senior Management, except who is part of promoter or promoter group, shall not require disclosure under Regulation 23(9) provided that the same is not material in terms of the provisions of Regulation 23(1) of Listing Regulations.

Provided further that in terms of the provisions of Regulation 23(2) of Listing Regulations, details of ratification of RPTs are required to be disclosed along with disclosures of RPTs. Accordingly, the value of ratified RPTs shall be disclosed in the format specified for disclosure of RPTs.

- c. The Company shall disclose the Policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.
- d. Name of all related parties & nature of relationships & details of all Related Party Transactions should be disclosed in the financial statement as per IndAS 24.
- e. The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any Related Party requires approval of the Board.

## **9. AMENDMENTS**

The Audit Committee shall periodically review this Policy and may recommend amendments to this Policy to the Board from time to time as it deems appropriate. The Policy must be reviewed at least once in every three years.

Any subsequent notification, circular, guideline or amendments under the Act, Listing Regulations, Accounting Standards and all other applicable laws, as may be issued from time to time shall be *mutatis mutandis* applicable to this policy. Such amendment may be carried out in the Policy with the approval of Director (Finance) and Chairman & Managing Director. Any such revision in the policy shall be put up to the Audit Committee and the Board in their next meeting for information.



## Crayons Advertising Limited

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### 10. DISCLAIMER

In case of any discrepancy between the above Policy, the Act or the Listing Regulations or any rules or regulations made thereunder or under any other applicable statutory enactment of law, the enacted law/ rule/ regulation / provision shall prevail over the above Policy.

Any subsequent modification/ amendment in the Listing Regulations, Act and / or applicable law in this regard shall automatically apply to this Policy.

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**SUMMARY OF THE APPROVAL AND CONSIDERATION/ RECOMMENDATION MECHANISM UNDER THE LISTING REGULATIONS AND THE ACT**

<b>Details of Transaction(s) Approving Authority</b>	<b>Details of Transaction(s) Approving Authority</b>
All RPTs and any subsequent Material Modification and/ or RPT under Omnibus route	Audit Committee (only those members who are Independent Directors)
RPTs which are not in Ordinary Course of Business or not on Arm's Length basis or both (below threshold limits)	Recommendation/ Approval by Audit Committee to the Board for approval  Approval by the Board
Material RPTs & RPT which are not in Ordinary Course of Business or not on Arm's Length basis or both (above threshold limit)	Recommendation/ Approval by Audit Committee to the Board for approval.  Recommendation/ Approval by the Board to Shareholders.  Approval by the Shareholders
Exemptions for Board & Shareholders' Approval in case of S.N. 2 & 3	Between two public sector companies  Between Holding & wholly owned subsidiary companies whose accounts are consolidated.  transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company  Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand;  Transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand

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