

## **Policy on Related Party Transactions**

### **Preamble**

The Board of Directors of the company 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 company to ensure compliance with the Law and Regulation. The Audit committee will review the same from time to time and propose the amendment required in the policy to the board of Directors.

### **Purpose**

The objective of this policy is to regulate transactions between the Company and its Related Parties in compliance with the requirement of Section 188 of the Companies Act 2013, and clause 49 of Listing Agreement and other laws and regulations applicable to the Company.

### **Definitions**

**"Audit Committee or Committee"** means the Committee of the Board constituted from time to time under the provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.

**"Board"** means the Board of Directors as defined under the Companies Act, 2013.

**"Key Managerial Personnel"** mean key managerial personnel as defined under the Companies Act, 2013 and includes:-

- 1) The Managing Director or the Manager; the Chief Executive Officer;
- 2) Whole Time Director;
- 3) Company Secretary;
- 4) Chief Financial Officer; and
- 5) Such other officer as may be prescribed;

**"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 10% of the annual consolidated turnover of the company as per the last audited financial statements of the Company.

**"Control"** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

**"Related Party Transaction"** means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged and includes –

- 1) Sale, purchase or supply of any goods or materials;
- 2) Selling or otherwise disposing of, or buying property of any kind;
- 3) Leasing of property of any kind;
- 4) Availing or rendering of any services;
- 5) Appointment of any agent for the purchase or sale of goods, materials, services or property;
- 6) Such related party's appointment to any office or place of profit in the Company, its subsidiary
- 7) Company or associate Company;
- 8) Underwriting the subscription of any securities or derivatives thereof, of the Company;
- 9) Financing (including loans and equity contributions in cash or kind);
- 10) Providing or obtaining guarantees and collaterals; and
- 11) Deputation of employees.
- 12) (The above is an indicative list and not an exhaustive one).

**"Related Party"** - A Related Party is a person or entity that is related to the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant

influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

- 1) A director or his relative;
- 2) A key managerial personnel or his relative;
- 3) A director or key managerial personnel of the holding Company or his relative;
- 4) A firm, in which a director, manager or his relative is a partner;
- 5) A private Company in which a director or manager is a member or director;
- 6) A public Company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital;
- 7) Any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- 8) Any person on whose advice, directions or instructions a director or manager is accustomed to act;
- 9) **Provided that** nothing in Point (6) and (7) shall apply to the advice, directions or instructions given in a professional capacity.
- 10) any Company which is—
  - a holding, subsidiary or an associate Company of the Company; or
  - a subsidiary of a holding Company to which it is also a subsidiary;
- 11) A person or a close member of that person's family if that person;
  - Is a related party under Section 2(76) of the Companies Act, 2013; or
  - Has control or joint control or significant influence over the Company or of a parent of the Company; or
  - Is a Key Managerial Personnel of the Company or of parent of the Company;
- 12) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- 13) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
- 14) Both entity and the Company are joint ventures of the same third party; or
- 15) One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
- 16) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company; or
- 17) The entity is controlled or jointly controlled by a person identified in point (1) to (10) above.

**"Relative"** means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner –:

- 1) Members of a Hindu undivided family;
- 2) Husband or wife;
- 3) Father (including step-father);
- 4) Mother (including step-mother);
- 5) Son (including step-son);
- 6) Son's wife;
- 7) Daughter;
- 8) Daughter's husband;
- 9) Brother (including step-brother); or
- 10) Sister (including step-sister).

## Materiality Thresholds for Related Party Transaction

Nature of Transactions	Materiality Thresholds as per	Materiality Thresholds as per
Sale, purchase or supply of any goods or materials directly or through appointment of agents	Exceeding 10% of Turnover or Rs.100 Crores, whichever is lower	Exceeding 10% of the annual consolidated turnover
Buying, selling or disposing of property of any kind directly or through appointment of agents	Exceeding 10% of Net worth or Rs.100 Crores, whichever is lower	Exceeding 10% of the annual consolidated turnover
Leasing of any kind of property	Exceeding 10% of Net worth or 10% of Turnover or Rs.100	Exceeding 10% of the annual consolidated turnover
Availing or rendering of any services directly or through appointment of agents	Exceeding 10% of Turnover or Rs.50 Crores, whichever is lower	Exceeding 10% of the annual consolidated turnover
Appointment of any agent for purchase or sale of goods, materials, services or property	Exceeding 25% of the Annual Turnover.	Exceeding 10% of the annual consolidated turnover
Appointment to any office or place of profit in the company, its subsidiary company or associate company	Monthly remuneration exceeding Rs.250,000	Exceeding 10% of the annual consolidated turnover
Remuneration for underwriting the subscription of any securities in or derivatives thereof	Exceeding 1% of net worth	Exceeding 10% of the annual consolidated turnover

## Procedure

### 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.

### Identification of Transaction with related Parties

Each director and Key Managerial Personnel is responsible for providing notice to the Company of any potential Related Party Transaction where he may be considered interested. Audit Committee will determine whether a transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy. The Directors and KMPs will ensure that their notice of any potential Related Party Transaction is delivered well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

### Review and approval of Related Party Transaction

#### **A. Audit Committee**

The Company shall not enter into any contract or arrangement with a Related Party without the approval of the Audit Committee. Prior approval of the Audit Committee shall be obtained for all Related Party Transactions other than those with Exempted Wholly Owned Subsidiaries (whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval).

The Audit Committee may, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that are repetitive in nature, subject to the following conditions:

- The name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
- 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.

The Audit Committee may also, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that cannot be foreseen and for which the aforesaid details are not available up to a value of Rs. 1 crore per transaction.

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

Such omnibus approval shall be valid for a period not exceeding 1 year and shall require fresh approvals after the expiry of one year. In the event any contract or arrangement with a related party is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act 2013 and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.

All material related party transactions, other than those with Exempted Wholly Owned Subsidiaries will be placed for approval of the shareholders of the Company. A transaction with a related party is considered material if the transaction / transactions to be entered into, either individually or taken together with previous transactions with such related party during a financial year, exceeds 10% of the annual consolidated turnover as per the last audited financial statements of the Company.

## **B. Board of Directors**

Where approval of Board of Directors is required for any related party transaction or if the Board in any case elects to reviews any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

## **C. Shareholder approval**

In case Board refers a related party transaction for seeking approval of the shareholders as per the Provisions of Companies Act 2013 or otherwise, if any member of company is a related party as per this policy, such member of the company shall not vote on resolution passed for approving such related party transaction.

## **D. Related Party Transactions not approved under this Policy**

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Audit Committee. The Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transactions.

In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

## **Disclosures**

- Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.
- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance. ❁
- The company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

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