

Related Party Transaction Policy

PREAMBLE

As per Clause 49 of listing Agreement with the Stock Exchanges, all listed companies are required to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. This policy has been framed for complying with above requirement and also taking into the account the provisions of Section 188 of the Companies Act, 2013.

DEFINITION

Audit Committee means Committee of Board of Directors of the Company constituted under the provisions of the listing agreement as well as the Companies Act, 2013

Related Party means a person or an entity if:

- (i) such entity is a related party under Section 2(76) of the Companies Act, 2013;
- or
- (ii) such entity is a related party under the applicable accounting standards.

Associate Company in relation to another company, means a company (not a subsidiary) in which that other company has a significant influence and includes a joint venture company.

Significant influence means control of at least twenty per cent of total share capital, or of business decisions under an agreement;

Related Party Transactions means any transaction directly or indirectly involving any related party which is transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged and include the following transactions either single or a group of transactions in a contract:

- (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:

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 Transactions means a transaction with related party where in the value of transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

Relative shall have the same meaning as defined under the Companies Act, 2013 and rules made there under and the listing agreement.

Key Managerial Personnel (KMP) in relation to a company, means

- (i) Chief Executive Officer or the managing director or the manager;
- (ii) Company Secretary;
- (iii) Whole-time Director;
- (iv) Chief Financial Officer; and
- (v) such other officer as may be prescribed under provisions of Companies Act, 2013 and rules made there under

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;

IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Each Director and KMP is required to give notice of disclosure of interest under section 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 Director/ KMP without requisite approval.

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

APPROVAL OF RELATED PARTY TRANSACTIONS:

(a) Audit Committee Approval

All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- i) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this policy and criteria for granting such omnibus approval may be as under:
 - a) The transaction in question is repetitive in nature.
 - b) The transaction in question is necessary to be executed as it is in the business interest of the Company.
 - c) The transaction is in ordinary course of business and is entered into at arm's length.
 - d) If the transaction to be entered into with a Related Party is concerning technology transfer, intellectual property or specialized services that are proprietary in nature;
 - e) Any other criteria which the audit committee may consider while granting such omnibus approval.
- ii) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- iii) 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
- iv) Audit Committee shall review, atleast on a quarterly basis, the details of Related Party Transactions entered into by the company pursuant to each of the omnibus approval given.
- v) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year,

(b) Approval of Board of Directors

All the related party transactions shall be approved by the Board of Directors of the Company except the following:

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

All the Material related party transactions as per listing agreement shall be approved by the Board of Directors of the Company.

(c) Approval of Shareholders

All the Material related party transactions as per listing agreement shall be approved by the shareholders of the Company through a special resolution.

And the related parties shall abstain from voting on such resolutions.

However transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

Further any transactions not covered under the material related party transactions as per listing agreement but covered under section 188 of the Companies Act, 2013 shall be approved by the Shareholders through a special resolution and the concerned related parties shall abstain from voting on such resolutions.

(d) Related party contracts entered without approval of Board/ Shareholders

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a special resolution in the general meeting under sub-section (1) and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

Without prejudice to anything contained in sub-section (3), it shall be open to the company to proceed against a director or any other employee who had entered into such contract or arrangement in contravention of the provisions of this section for recovery of any loss sustained by it as a result of such contract or arrangement.

The Director or any other employee of a company, who had entered into or authorised the contract or arrangement in violation of the provisions of this section shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees, or with both; and

TRANSACTIONS NOT TO BE CONSIDERED AS RELATED PARTY TRANSACTIONS

Notwithstanding the foregoing, the following transactions shall not be considered as related party transactions hence shall not require approval of Audit Committee or Shareholders:

1. Any transaction that involves the providing of compensation to a director or KMP 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 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.

Related party transactions not approved under this policy

In the event the Company becomes aware of a Related party transaction 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 fact and circumstance regarding the Related party transaction and evaluate all options available to company including ratification by it or recommending to the Board for ratification or seeking approval of shareholders, revision or termination of the Related party transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related party transaction to the Committee under this policy and shall take such actions it deems appropriate.

DISCLOSURE

- a. Related party transactions shall be disclosed in the Directors' Report as prescribed under the Companies Act, 2013 and the listing agreement
- b. Details of all Material Related party transactions shall be disclosed quarterly along with the compliance report on Corporate Governance.
- c. The Related party transactions Policy shall be disclosed on the website of the Company and weblink thereto shall be provided in the Annual Report also.

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.