

Policy on Materiality of and Dealing with Related Party Transactions

PREAMBLE

As per Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 177 and 188 of the Companies Act, 2013 read with Rules mad there under, as amended from time to time.

DEFINITION

Audit Committee means Committee of Board of Directors of the Company constituted under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 (RPT) 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.

Pursuant to the provisions of Regulation 23 (1A) of the Listing Regulations, 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 2% of the annual consolidated turnover of the listed entity 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, not more than one level below the directors who is in whole time employment of the Company, designated as key managerial personnel by the Board, and
- (vi) 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 including any modification/renewal thereof shall require prior approval of the Audit Committee (the 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) Maximum value of RPTs that can be allowed under the omnibus approval route, in a financial year shall not exceed 15% of Turnover on the basis of audited consolidated financial statements of the Company for the preceding financial year.
 - d) Maximum value per transaction in a financial year shall not exceed 5% of Turnover on the basis of audited consolidated financial statements of the Company for the preceding financial year.
 - e) The transaction is in ordinary course of business and is entered into at arm's length.
 - f) 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;

- g) 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. The Committee shall be informed whether the RPTs have been entered into in the ordinary course of business and on arm's length basis.
- 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 prescribed under Section 188 of the Act, 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.

(c) Approval of Shareholders

All the **Material** related party transactions as defined in this policy shall be approved by the shareholders of the Company through a resolution.

No Related Parties shall vote to approve the relevant transaction, irrespective of whether they are party to the particular transaction or not.

Transactions with Wholly Owned Subsidiaries

However, no Shareholders approval will be required, if any, for a 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 this policy but covered under section 188 of the Companies Act, 2013 shall be approved by the Shareholders through a resolution and the related parties shall abstain from voting on such resolutions irrespective of whether they are party to the particular transaction or not.

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.

DISCLOSURE

- a. Particulars of Related party transactions shall be disclosed in such manner as may be prescribed under the Listing Regulations and/or the Act (including rules made thereunder) from time to time.
- b. The Related party transactions Policy shall be disclosed on the website of the Company and web link thereto shall be provided in the Annual Report of the Company.

MISCELLANEOUS

The Board shall review the Policy atleast once in every three years. 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. However, amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.