

## **Related Party Transactions Policy**

### **Policy on Materiality of Related Party Transaction and dealings with Related Party Transactions**

#### **I) OBJECT AND SCOPE OF THE POLICY:**

The Related Party Transaction may have potential or actual conflicts of interest between concerned related party and the Company. Therefore, such transaction has to be in the best interest of Company.

Keeping this object in view and also the requirements concerning the Related Party Transactions (“RTP”), as prescribed under the Companies Act, 2013 (“the Act”), and the Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time read along with the Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”), the Board of Directors (“the Board”) of the Company has formulated / adopted this revised policy on

A) materiality of related party transactions and

B) dealing with related party transactions.

#### **II) DEFINITIONS/MEANINGS:**

A) “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.

B) “Ordinary Course of Business” means a transaction which is

1. carried out in the normal course of business in line with object clauses of the Memorandum of Association or
2. a past practice with or without a pattern of frequency or

3. a common commercial practice or
4. as per any other parameters / criteria as decided by the Board or Audit Committee.

C) A related party “transaction” shall have meaning ascribed to it in the Act and / or SEBI LODR Regulations.

Explanation: A “transaction” shall be construed to include single transaction or a group of transactions in a contract.

D) The words “Audit Committee” “Relative“, ”Related Party”, “Key Managerial Person” and other words, not defined in this Policy, will have same meaning as defined under Act and /or SEBI LODR Regulations.

### **III) The materiality of related party transactions:**

The 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, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Transaction involving payment made to related party with respect to brand usage or royalty, individually or taken together with previous transactions during a financial year, exceeding 2% of annual consolidated turnover of the Company as per the last audited financial statement, shall also be considered as material related party transaction.

### **IV) Manner of dealing with related party transactions.**

#### **1. Disclosure by Directors and Key Managerial Personnel ("KMP"):**

Every Director / KMP of the Company shall, at the beginning of the financial year or whenever there is any change in the disclosures already made, then immediately or at the first board meeting held after such change, provide

information about his / her (including their relatives) nature of interest or concern in any company or companies or body corporate, firms or other association of individuals as prescribed under the Act, to the Company.

## **2. Identification of the Related Party Transactions:**

The Company Secretary shall circulate, immediately, the list of the Related Parties to concerned departments who initiate and or are authorized to decide various types of the transactions on behalf of the Company.

## **3. Review and Approval of Related Party Transaction:**

A) All Related Party Transactions shall require prior approval of the Audit Committee.

B) While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the documents as placed before along with the proposal and or seek such other additional information from the management about the proposed transaction to assist / enable them in arriving at the decision on the proposal and also such other information as may be required in order to determine if the transaction is in the ordinary course of business and at arm's length or not.

C) The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

1. The Audit Committee may grant omnibus approval in respect of Related Party Transactions for value not exceeding of Rs. 1 (one) Crore in aggregate in a financial year;
2. The Audit Committee may grant omnibus approval in respect of individual Related Party Transaction for value not exceeding of Rs. 10 (ten) Lacs in a financial year;
3. Proposal seeking an omnibus approval from the Audit Committee shall include the following disclosures:-
  - a. Name of the Related Party;

- b. Nature and duration of the transaction;
  - c. Justification for seeking omnibus approval;
  - d. Maximum amount of transaction(s) that can be entered into;
  - e. the Indicative base price or current contracted price and the formula of variation in the price, if any;
  - f. Key terms and covenants including non commercial covenants;
  - g. Benchmarking information, if any and
  - h. such other additional information about the proposed transaction(s) to assist / enable Audit Committee in arriving at the decision on the proposal.
4. Audit Committee shall not grant omnibus approval in respect of transaction of Selling or disposing of the undertaking of the Company.
  5. The Audit Committee shall satisfy itself of the need for such omnibus approval and that such approval is in the interest of the Company before granting omnibus approval;
  6. The Audit Committee shall grant the omnibus approval in line with this policy on Related Party Transactions of the Company in respect of transactions, which are repetitive in nature, after taking into consideration justification for the need of such omnibus approval.
  7. Such omnibus approval shall specify
    - a. the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
    - b. the indicative base price / current contracted price and the formula for variation in the price, if any and
    - c. 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. 1lac per transaction.

8. Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approval prior to the expiry of such financial year, if it is required to be continued.

D) Audit Committee will review, at least on a year basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.

E) The concerned Functional Head will submit a Note justifying proposed related party transaction (“the Proposal”), whether falling under omnibus approval or otherwise to the Chief Finance Officer.

F) Chief-Financial Officer (“CFO”), shall scrutinize the Proposal and give clearance to concerned Dept if falling under omnibus approval or will forward the Proposal with his / her recommendation to the Company Secretary for placing the same before Audit Committee for approval / consideration.

G) If the Audit Committee concludes that the Proposal is not in the ordinary course of business and not on arm’s length basis then it will forward the same with its views to the Board. Thereafter, the Board may take appropriate decision / action on the Proposal.

H) Approval for all Material Related Party Transactions will be subject to the provisions of the Act and or SEBI LODR Regulation.

#### **4. Disclosure and Registers:**

a. The Company shall disclose this Policy and the relevant particulars of related party transactions in accordance with the provisions of the Act and SEBI (LODR) Regulations.

b. The Company shall keep and maintain a register giving the particulars of related party transactions in accordance with the provisions of the Act and SEBI (LODR) Regulations.

**5. Related Party Transaction not approved under this Policy:**

In the event the Company becomes aware of any RPT that has not been approved by Audit Committee or the Board or Shareholders in General Meeting, as applicable, in accordance with this Policy / the Act / SEBI (LODR) Regulations Agreement then the Audit Committee or the Board or Shareholders in General Meeting, as appropriate, may ratify the same as is provided under the Act and or SEBI (LODR) Regulations.

**6. Waiver / Modification:**

The Audit Committee or the Board shall have an authority to waive any of the procedural requirements of this Policy and also amend and / or modify this Policy in whole or in part, at any time when it deems appropriate, in accordance with the provisions of the Act and the SEBI (LODR) Regulations.

**7. Other Terms:**

a. In case of any subsequent changes in the provisions of the Act, or SEBI (LODR) Regulations or any other regulations, which makes any of the provisions in the Policy inconsistent with the Act or SEBI (LODR) Regulations or regulations, the provisions of the Act or SEBI (LODR) Regulations or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with the law.

b. The Board will review, this policy from time-time as and when necessary or required but at least once every three years and amended or updated accordingly.