

Policy on Related Party Transactions

1. Objective:

The objective of this Policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company in this regard and to ensure proper approval and reporting of transactions between the Company and its Related Parties.

2. The Regulatory Framework:

The Companies Act 2013 together with the Rules notified thereunder and Regulation 23 of the SEBI LODR Regulations (together referred to as “the applicable laws”), provide a framework for regulating transactions with Related Parties.

This policy is framed as per the requirements of the applicable laws and shall operate within the boundaries set by the Laws.

3. Definitions:

- I. “The Act” means the Companies Act, 2013, together with the Rules notified thereunder including any statutory modifications or re-enactments thereof for the time being in force (hereinafter referred to as “Act”).
- II. “Accounting Standards” means the standards of accounting or any addendum thereto for companies or class of companies referred to in Section 133 of the Act.
- III. “Associate Company” as defined under The Company Act 2013.
- IV. “Policy” means Policy on Related Party Transactions.
- V. “Board” means Board of Directors of the Company.
- VI. “Audit Committee” means Committee of Board of Directors of the Company constituted under the applicable laws.
- VII. “Key Managerial Personnel” or “KMP” means:
 - (a) The Chief Executive Officer (CEO) or the Managing Director or the Manager as defined under the Act; (ii) The Company Secretary;
 - (b) The Whole- time director;
 - (c) The Chief Financial Officer (CFO); and

(d) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board;

VIII. “Office or place of profit” means any office or place—

(a) 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;

(b) 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.

IX. “Relative” as defined under section 2(77) of The Company Act 2013.

X. “Related Party” is a person or an entity which is:

(a) A related party under section 2(76) of the act;

(b) A related party under the applicable accounting standards;

(c) Any person or entity belonging to the promoter or promoter group of the company and holding 20% or more of shareholding in the Company .

XI. “Related Party Transaction” means a transaction involving transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged and includes the following transactions:

(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;

(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 explanation: related party transaction includes a single transaction or a group of transactions in a contract, with a Related Party.

XII. “Regulations” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory

modifications or reenactments thereof for the time being in force (hereinafter referred to as “SEBI LODR Regulations”).

XIII. “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 ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

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, exceed two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

XIV. “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.

4. Policy:

❖ Role of 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 not be obtained for all Related Party Transactions other than a transaction referred to in section 188, between a holding company and its Wholly Owned Subsidiary Company.

The audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.

❖ Omnibus Approval:

Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company which shall include the following, namely:-

- (a)** Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
- (b)** The maximum value per transaction which can be allowed;
- (c)** Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;

- (d)** Review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made;
- (e)** Transactions which cannot be subject to the omnibus approval by the Audit Committee;
- (f)** Repetitiveness of the transactions (in past or in future);
- (g)** Justification for the need of omnibus approval.

The Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company.

Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

❖ **Role of Board Committee:**

The Company can enter in any transactions with related party without the consent of Board if it is in ordinary course of Business and on arm's length price.

For the Following contract or arrangement with a related party consent of the Board is required:

- (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.

❖ **Role of Shareholders:**

For the following contract or arrangement with a related party prior approval of the members of the Company is required:

- (a)** Sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company or rupees one hundred crore, whichever is lower,
- (b)** Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company or rupees one hundred crore, whichever is lower,
- (c)** Leasing of property any kind amounting to ten percent or more of the net worth of company or ten per cent or more of turnover of the company or rupees one hundred crore, whichever is lower,
- (d)** Availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company or rupees fifty crore, whichever is lower,

Explanation: it is hereby clarified that the limits specified in points (a) to (d) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- (e)** Is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh rupees,
- (f)** Is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth .

Explanation: (1) The turnover or net worth referred in the above points shall be computed on the basis of the audited financial statement of the preceding financial year.

Every contract or arrangement which requires Board or members of the Company approval shall be disclose in the Board Report.

The member who is related party to the proposed resolution shall not vote on such resolution.

❖ **Prior approval of shareholders is not required in these cases:**

Where ninety percent or more members, in number, are relatives of promoters or are related parties.

Transactions entered 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.

❖ **Compliance:**

The listed entity shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

❖ **General:**

The Policy would be subject to revision/amendment in accordance with the Laws. The Audit Committee shall review the Policy atleast once in three years for making suitable amendments for better implementation of the Policy.