

RELATED PARTY TRANSACTION POLICY

1. PREAMBLE

As required approval of related party transactions as prescribed under the Companies Act, 2013 ('the Act') read with Rules framed thereunder and Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), The Company has formulated guidelines for identification of related parties and proper conduct and documentation of all related party transactions. Also, as per Regulation 23 of Listing Regulations formulated a policy on materiality of related party transactions and dealing with related party transactions. The said policy is amended pursuant to Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 which is effective from April 1, 2019.

Accordingly, the Board of Directors by way of Resolution passed by Circulation on 1st April, 2019 has amended the Related Party Transaction Policy of the Company in accordance with the requirement of the said amended Regulation. The Audit Committee of the Board will review the Policy and if it is felt necessary, may amend it from time to time. This Policy has been framed to regulate transactions between the Company and its Related Parties based on the applicable laws and the provisions contained in the Listing Regulations. The objective of the Policy is to ensure proper approval and reporting of the Related Party Transactions.

2. DEFINITIONS

"Audit Committee" means the Committee of the Board of Directors of the Company, constituted in terms of requirements of the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

"Key Managerial Person" means Key Managerial Personnel as defined in Section 2 (51) of the Companies Act, 2013.

“Material Related Party Transactions” means a transaction with a related Party, if the transaction 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.

“Related Party” means Related Party as defined in Section 2 (76) of the Companies Act, 2013 and Regulation 2(zb) of Listing Regulations or such entity which is considered to be a Related Party in terms of the applicable Accounting Standards.

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

“Related Party Transaction” means

(i) A related party transaction mentioned in clause (a) to (g) of sub-section 1 of Section 188-

- 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:

(ii) A related party transaction as per Regulation 23 and defined under Regulation 2(zc) of Listing Regulations, any transaction involving any Related Party which is a transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged.

A "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

"**Relative**" means Relative as defined in section 2 (77) of the Companies Act, 2013.

3. APPROVAL OF RELATED PARTY TRANSACTIONS

All transactions identified as Related Party Transactions are to be reported to the Audit Committee. If the Audit Committee approves any transaction it shall forward the same to the Board for its approval. The Board shall consider the transaction in terms of this policy and grant approval if the same is in the best interest of the Company.

4. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Each Director and Key Managerial Personnel is responsible for providing Notice to the Board and the Audit Committee of any potential Related Party Transaction involving him or her or his/her relative, with additional information about the transaction that the Board/Audit Committee may require. The Board/Audit Committee will determine whether the transaction as reported constitute a Related Party Transaction requiring compliance with this Policy.

It is desirable, that the Notice of any potential Related Party Transaction be given well in advance to enable the Audit Committee/Board to have adequate time to obtain and review details in respect of the proposed transaction.

5. MATERIALITY THRESHOLD

Regulation 23 of Listing Regulations requires a company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of a resolution. Presently, the Board of Directors have approved its materiality threshold at 10% of the annual consolidated turnover of the Company as per last audited financial statements of the company.

However, 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.

In case of any change in the materiality thresholds by way of amendment in the Listing Regulations the revised thresholds will be applicable automatically.

6. AUTHORITY TO APPROVE RELATED PARTY TRANSACTIONS

All Related Party Transactions will require prior approval of the Audit Committee and the Board. All Material Related Party Transactions and the transactions, the value of which exceeds the limit prescribes in Rule 15 (as amended) of the Companies (Meetings of Board and its Powers) Rules, 2014 shall require prior approval of the Shareholders by way of a Special Resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

7. OMNIBUS APPROVAL

Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity subject to the following conditions, namely-

(a)the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;

(b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;

(c) the omnibus approval shall specify:

(i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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 rupees one crore per transaction.

(d) 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.

(e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year:

8. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

To review a Related Party Transaction, the Audit Committee and the Board will be provided with all relevant material information in respect of the transaction. The Committee and the Board will also be provided with the objective of the transaction and the benefits that the Company may derive out of the transaction.

In determining whether a Related Party Transaction is ought to be approved, the Audit Committee and Board will consider inter alia the following factors:

- I. Whether there are any compelling business reasons for the Company to enter into the transaction.
- II. Whether the terms of the Related Party transaction are fair and on arm's length basis to the Company

- III. Whether the Company was notified about the transaction before its commencement and if not, why prior approval was not sought and whether ratification would be detrimental to the Company.
- IV. Whether the Related Party Transaction would affect Independence of an Independent Director.
- V. Whether the Related Party Transaction would invoke conflict of interest for any Director or Key Managerial Personnel.

All material related party transactions shall require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

9. RELATED PARTY TRANSACTIONS NOT REQUIRING ANY APPROVAL

The following Related Party Transactions shall not require approval of Audit Committee or Shareholders.

- I. Transactions involving payment of compensation/remuneration to a Director for the duties performed by him or her in terms of his/her terms of appointment including reimbursement of reasonable business and travel expenses incurred in the ordinary course of business if the same is already approved by the Board.
- II. 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 received the same benefits pro rata as the Related Party.

10. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY.

The Audit Committee and the Board will not approve a proposed Related Party Transaction if it considers that the transaction is not in the best interest of the Company.

A related party transaction entered into without approval under this Policy shall not be deemed to violate this policy, or to be invalid or unenforceable, so long as the transaction is approved or ratified as soon as reasonably practical after any Officer/Director of the Company becomes aware of such transaction.

Where in terms of Section 188(3) of the Companies Act, 2013, the Board decides not to ratify a related Party Transaction which has already commenced without prior approval, the Committee and the Board may direct immediate discontinuation or rescission of the transaction. The Committee may also ask for modification of the Terms in the best interest of the Company.

In addition to the Directors and Key Managerial personnel, this Policy will be communicated to all Operational Heads and the Senior Executives of the Company for overall awareness to facilitate statutory compliances.

10. **DISCLOSURE**

- i. The Company shall also disclose, in the Board's Report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in the ordinary course of business or not on an arm's length basis along with the justification for entering into such transaction.
- ii. In addition to the above, the Company shall also provide details of all related party transactions meeting the materiality threshold, on a quarterly basis along with the compliance report on Corporate Governance to the stock exchanges.
- iii. The Company shall on half yearly basis submit within 30 days from the date of publication of its standalone and consolidated financial results, 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.

- iv. The Company shall disclose in the Corporate Governance report, transactions with any person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in the Company, in the format prescribed in the relevant accounting standards for annual results effective from April 01, 2019.

11. **AMENDMENTS**

The Policy formulated by the Board may be amended, substituted or modified by the Audit Committee subject to approval of Board In case of any amendment to the provisions relating to related parties in the Act and the Rules made thereunder or the Listing Regulations, this Policy shall stand amended/modified accordingly. However the policy has to be reviewed at least once in every three years.

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