

## Related Party Transactions Policy

Adopted on September 2014

Revised on May 2022

### Purpose of the Policy :

Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) requires the company to formulate a policy on materiality of related party transactions and on dealing with related party transactions (“RPT”) including clear threshold limits (“Policy”) duly approved by the Board of Directors. Accordingly, the Board of Directors of the Company on the recommendation of the Audit Committee, has formulated this Policy governing the provisions of related party transaction in line with the requirements of the Companies Act 2013 (“the Act”) read with the Rules framed thereunder and listing regulations, as amended from time to time.

This Policy is intended to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its related parties. This Policy specifically deals with the review and approval mechanism of material related party transactions keeping in mind the potential or actual conflicts of interest that may arise because of such transaction.

Note: The word or sentence in *Italics* represents the amendments of SEBI (Listing Obligations and Disclosure Requirements) with effect from 1<sup>st</sup> April 2022.

The words or sentences underlined represent the amendments of SEBI (Listing Obligations and Disclosure Requirements) Sixth Amendment Rules applicable with effect from 1<sup>st</sup> April 2023.

### Definitions:

“**Act**” means the Companies Act, 2013 including any statutory modification(s) or re-enactment(s) thereof;

“**Arm’s length transaction**” means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

“**Promoter and Promoter Group**” shall have the same meaning as assigned to them respectively in clauses (oo) and (pp) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

“**Material Modification**” shall mean and include any modification/ alteration or variation in relation to any increase or decrease in the value of the transaction/s (except arising out of change in relation to any statutory taxes) or period of contract or any term which has direct or indirect impact on cost, quality or delivery against the agreed terms in relating to any existing related party transaction/s

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**“Related Party”** means a related party as defined under subsection (76) of Section 2 of the Companies Act 2013 or under applicable accounting standards.

*Provided that:*

*a. any person or entity forming a part of the Promoter or Promoter group of the listed entity; or*

*b. (b) any person or any entity, holding equity shares:*

*(i) of twenty per cent (20%) or more; or*

*(ii) of ten per cent (10%) or more, with effect from April 1, 2023;*

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.”

**“Relative”** means a relative as defined under subsection (77) of Section 2 of the Companies Act 2013

**“Related party transaction”** shall have the meaning as defined under Regulation 2 (1) (zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended or as envisaged under Section 188 (1) of the Companies Act 2013 as amended from time to time.

- i. sale, purchase or supply of any goods or materials;
- ii. selling or otherwise disposing of, or buying, property of any kind;
- iii. leasing of property of any kind;
- iv. availing or rendering of any services;
- v. appointment of any agent for purchase or sale of goods, materials, services or property;
- vi. such related party’s appointment to any office or place of profit in the Company, its subsidiary company or associate company and
- vii. underwriting the subscription of any securities or derivatives thereof, of the Company.

*“related party transaction” means a transaction involving a transfer of resources, services or obligations between:*

*I. a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or*

*II.*

a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;

*regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:*

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*Provided that the following shall not be a related party transaction:*

- a) *the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;*
- b) *the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:*
  - 1. *payment of dividend;*
  - 2. *subdivision or consolidation of securities;*
  - 3. *issuance of securities by way of a rights issue or a bonus issue; and*
  - 4. *buy-back of securities.*

**“Transactions in ordinary course of business”** shall mean transaction which /wherein:

- a. is carried out in the normal course of business envisaged in accordance with the objects mentioned in the Memorandum of Association (MOA) of the Company
- b. is as per historical practice with a pattern of frequency, or
- c. is in connection with the normal business carried on by the Company, or
- d. is a common commercial practice in business/market/industry or
- e. income, if any, earned from such transaction is assessed as business income in the Company’s books of accounts and hence is a business activity. or
- f. meets any other parameters/criteria as decided by the Board/Audit Committee

**“Listing Regulations”** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended time to time.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation, amended from time to time.

**Threshold for determining Materiality:**

Regulation 23 of the Listing Regulations requires a company to provide thresholds for materiality of related party transactions beyond which **approval of the shareholders** through resolution will be required. Hence, the Company has determined the following limits for the each of the transactions:

**RPT other than Brand usage or Royalty:**

*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 rupees one thousand crore or ten percent (10%) of the annual consolidated turnover as per the last audited financial statements of the Company whichever is lower.*

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**RPT in respect of Brand usage or Royalty:** 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 five percent (5%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.**

Sr. No	Nature of Related Party Transaction	Threshold Limit (% of annual consolidated turnover of the Company as per last audited financial statements)
	Payment for usage of brand or royalty	>5%
	Any other	>10% > Rs 1000 crore or 10 % whichever is lower

**Identification of Related Party Transactions**

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. The Audit Committee/Board of Directors will identify the related party transactions in accordance with Section 188 read with Section 177 of the Act and Regulation 2(1)(zc) of the Listing Regulations. The Audit Committee/Board of Directors will determine whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, it may seek external expert opinion, if necessary.

**Approval Mechanism Process :**

- I. The Company shall not enter into any related party transactions and subsequent material modifications without the prior approval of the Audit Committee (Committee) of the Company unless the transaction /contract/ arrangement enjoys any exemption as provided under the Companies Act, 2013 or Rules made there under or under the provisions of the SEBI ( Listing Obligations and Disclosure Requirements) 2015 and only those members of the audit committee, who are independent directors, shall approve related party transactions.
  - a) a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent (10%) of the annual consolidated turnover, as per the last audited financial statements of the listed entity;
  - b) with effect from 1<sup>st</sup> April 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit co

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Committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

- II. All Related Party Transactions or any subsequent modifications thereof shall require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the conditions as mentioned in the Act and Listing Regulations.

Provided that where the need for related party transaction cannot be foreseen and required details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

- III. Further, 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. Such omnibus approvals shall be valid for a period not exceeding one year. Any related party transactions which are neither in the ordinary course of business nor at arm's length basis shall be approved by the Board of Directors of the Company.

- IV. The following transactions which are neither at arm's length basis nor in the ordinary course of business of the Company shall be entered with the prior approval of the shareholders of the Company by passing a resolution:

- a. Sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of the annual turnover of the Company;
- b. Selling or otherwise disposing off or buying property of any kind, directly or through appointment of agent, amounting to 10% or more of net worth of the Company;
- c. Leasing of property of any kind, amounting to 10% 10% of turnover of the Company;
- d. Availing or rendering of any services, directly or through appointment of agent, amounting to of 10% or more of turnover of the Company ;
- e. Appointment to any office or place of profit in the company, its subsidiary company or associate compan at a monthly remuneration exceeding Rs 250,000 per month;
- f. Remuneration for underwriting the subscription of any securities of the company or derivatives thereof if the Company in excess of 1% of the net worth of the Company.

- V. All material related party transactions and subsequent Material Modifications to such material related party transactions shall require prior 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:

- VI. Where any director is interested in any contract or arrangement with a related party , such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

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The Audit Committee shall consider the information/documents related to Related Party Transactions placed before it and either approve or reject the same on merit.

- VII. The agenda of the Board meeting at which related party transactions are proposed to be approved shall disclose all details of the transactions like
- a. the name of the related party and the relationship;
  - b. particulars of the contract or arrangement and nature, duration of contract;
  - c. the material terms of the contract or arrangement including the value, if any
  - d. the manner of determining the pricing and other commercial terms of the contract, both included as part of contract and not considered as part of the contract;
  - e. any advance paid or received for the contract or arrangement, if any;
  - f. whether all factors relevant to the contract have been considered, if not , the details of the factors not considered together with the rationale;
  - g. any other information relevant or important for the Board to take a decision on the proposed transaction.

All transactions with Related Parties shall be carried out at arm's length principle.

If any contract or arrangement with a related party is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, as applicable, for such transaction/contract/arrangement.

**Related Party Transaction not approved under this policy**

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, 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 any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

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**Disclosures:**

- I. The Company 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.

*The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website:*

*Provided that the Company shall make such disclosures every six months within **fifteen days**( 15 days) from the date of publication of its standalone and consolidated financial results:*

**Provided further that the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results with effect from 1<sup>st</sup> April 2023.”**

- II. The Company shall disclose, in the Board’s report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm’s length basis along with the justification for entering into such transaction and the transactions which are material in nature in form AOC-2.
- III. The Annual Report of the Company shall contain Related Party Disclosures as stated in Schedule V of SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015.
- IV. Details of all material transactions with related parties shall be disclosed quarterly to stock exchange after the same are approved by the Audit Committee / Board along with Compliance report on corporate governance.
- V. As prescribed under Regulation 46(2)(g) of the SEBI Listing Regulations, this Policy shall be disclosed on the Company’s website

**POLICY INTERPRETATION AND REVIEW**

In case of any subsequent changes in the provisions of the Companies Act 2013, or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or Regulations, the provisions of the Act 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.

This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in Act or Regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors.

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Irrespective of above, the policy shall be reviewed by the Board of Directors at least once every **3 years** and updated accordingly with recommendations from Audit Committee.