

POLICY ON RELATED PARTY TRANSACTIONS

Policy on Related Party Transactions (RPT) is formulated in terms of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (“Listing Regulations”) and Section 188 of the Companies Act, 2013 and the Rules framed thereunder (“the Act”).

The policy takes in to account various provisions on RPTs mentioned in Regulation 23 of the Listing Regulations and in Section 188 of the Act as mentioned hereinabove. Related Party Transaction (RPT) transactions are appropriate only if they are in the best interest of the Company and its stakeholders in addition to being in conformity with the applicable laws.

The Audit Committee (“Committee”) of the Board of Directors of the Company (“the Board”) is required by Section 177(4) of the Act and Regulation 23 of the Listing Regulations to approve all transactions of the Company with related parties (“RPTs”).

REQUIREMENT OF FORMULATING A POLICY

Part I of this Policy on dealing with RPTs and determining their materiality is formulated in compliance with Regulation 23 of Listing Regulations as amended from time to time. It is intended to ensure timely identification of an RPT, its salient terms and provisions, approval process, disclosure and reporting thereof to ensure transparency in the conduct of RPTs, so that there is no conflict of interest.

The Board has adopted this Policy with respect to RPTs on the recommendation of the Audit Committee. The Audit Committee is empowered to review and recommend amendments to this Policy as may be considered necessary from time to time. All amendments to this Policy as may be recommended by the Audit Committee would be subject to the Board’s approval. The Board may also, suo moto, carry out amendments to the Policy in order to bring the same in alignment with the requirements of the Listing Regulations and / or the Act.

DEFINITION :

- a) “**The Act**” means the Companies Act, 2013, alongwith with the Rules framed thereunder including any statutory modifications or re-enactments thereof for the time being in force (hereinafter referred to as “Act”).
- b) ‘**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.
- c) “**Associate Company**” in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.
- d) “**Audit Committee**” means Committee of Board of Directors of the Company constituted under the applicable laws.

- e) **“Policy”** means Policy on Related Party Transactions.
- f) **“Board”** means Board of Directors of the Company.
- g) **Key managerial personnel (KMP)** i.e Managing Director, Whole-time Director, Company Secretary and Chief Financial Officer or Such other officer, not more than one level below the directors who is in whole-time employment.
- h) **“Indian Accounting Standards (IND AS)”** means the standards of accounting or any addendum thereto for companies or class of companies referred to in Section 133 of the Act.
- i) **“Material Related Party Transaction”** means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year, exceeding the following thresholds:
- i) A 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 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company
- ii) In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements;
- j) **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 the way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, 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 the way of remuneration, salary, fee, commission, perquisites, any rent free accommodation or otherwise
- k) **“Related Party”** is a person or an entity which is:
- (A) a related party under Section 2(76) of the Act;
- Related Party with reference to a company, means:
- (i) Director or Relative of Director
- (ii) Key managerial personnel (KMP) or Relative of KMP
- (iii) a firm, in which a director, or his relative is a partner
- (iv) a private company in which a director is a member or director

- (v) a public company in which a director is a director and holds along with his relatives, more than 2% of its paid-up share capital
- (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager
- (vii) any person on whose advice, directions or instructions a director is accustomed to act
Nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity
- (viii) any body corporate which is -

(a) A holding, subsidiary or an associate company of the company;

Or

(b) A subsidiary of a holding company to which it is also a subsidiary. Or

(c) An investing company or the venture of the Company

- (ix) a director other than an independent director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.

(B) a related party under the applicable IND 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

1) “**Related Party Transaction**” means a transfer of resources, services or obligations between a listed entity and a related party, regardless of whether 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, and including but not limited to the following

- 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. appointment to any office or place of profit in the company
- 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.

m) “**Relative**” means relative as defined under sub-section (77) of section 2 of the Act.

n) “**Regulation**”: means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modifications or re-enactments thereof for the time being in force (hereinafter referred to as “Listing Regulations”).

o) “**Ordinary Course of Business**” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of

Association. The Board/ Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

THRESHOLDS OF MATERIAL RELATED PARTY TRANSACTION

The materiality threshold for the purpose of Regulation 23(1),23(1A) and 23(4) of the Listing Regulations are as follows

- (i) A transaction between the Company and a related party is to be considered as **material** if the transaction to be entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual consolidated turnover of the Company as per its last audited financial statements.
- (ii) 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 five percent (5%) of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

The Company shall formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the Board of Directors and such Policy shall be reviewed by the Board at least once every three years and updated accordingly.

TO DEAL WITH RELATED PARTY TRANSACTION

All Related Party Transactions must be reported to the Audit Committee and referred for approval of the Committee or the Board or the Shareholders as required under this Policy.

Identification of Related Parties:

The Company has formulated SOP for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the Listing Regulations.

Identification of Related Party Transactions:

The Company has formulated SOP for identification of 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.

All RPTs, whether material or not, and whether or not they are in the ordinary course of business and whether or not at an arm's length basis, will however require prior approval of the Audit Committee. However, if the RPTs are not in the ordinary course of business and not on arm's length basis, apart from the approval of the Audit Committee that is required to be obtained under the Listing Regulations and also in terms of Section 177 (4) (iv) of the Act,

it will also be required to be approved by the Board of the Company in terms of Section 188 of the Act based on the recommendations of the Audit Committee.

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.

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.

The provisions of sub-regulations (2), (3) and (4) shall not, inter alia, be applicable to 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.

PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION

Approval of the Audit Committee

A. All related party transactions 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 following conditions:

a. The Audit Committee shall specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following namely:

i Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;

ii The maximum value per transaction which can be allowed;

iii extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval

iv review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each omnibus approval made;

v transactions which cannot be subject to the omnibus approval by the Audit Committee;

b. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-

i repetitiveness of the transactions (in past or in future);

ii justification for the need of omnibus approval;

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

d. The omnibus approval shall provide details of (i) the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into, (ii) basis of arriving at 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 transactions 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 1 crore per transaction;

e. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the company pursuant to the omnibus approval given;

f. All Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year;

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

h. Any other conditions as the Audit Committee may deem fit.

Approval of the Board of Directors of the Company

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

a) Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;

b) Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;

c) Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval

d) Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval.

Approval of the Shareholders of the Company

All the transactions with related parties exceeding the materiality thresholds, laid down in the Policy, are placed before the shareholders for approval.

For this purpose, all entities falling under the definition of no related parties shall vote to approve irrespective of whether the entity is a party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed

the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time are placed before the shareholders for its approval.

However, the requirement of shareholders' approval shall not be applicable for transactions entered into between the company and its wholly owned subsidiary whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval

DISCLOSURE:

1. Appropriate disclosures as required under the Act and Listing Regulations shall be made in its Annual Return, Boards' Report and at such other places and to the Stock Exchanges on which equity shares of the Company are listed and such other authority as may be prescribed under the Act and Listing Regulation.
2. 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.

Review the transaction

The Audit Committee shall review, on a quarterly basis, the details of all Related Party Transactions entered into by the Company.

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.

The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

The power to interpret and administer the Policy shall rest with the the Audit Committee whose decision shall be final and binding.

**JAYANTA BASU
(MANAGING DIRECTOR)**

Place: Mumbai

Date: 15th September, 2020