

## **POLICY ON RELATED PARTY TRANSACTIONS**

### **Preamble**

- 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.
- The Company is committed to transparency and fairness in dealing with all Related Parties and in ensuring adherence to all applicable laws and regulations, as may be amended from time to time.

### **The Regulatory Framework**

- The Companies Act 2013 together with the Rules notified thereunder, Regulation 23 of the SEBI LODR Regulations, and related circulars, clarifications, guidelines and notifications issued thereunder (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.

### **Definitions**

- **“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”).
- **“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.
- **“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.
- **“Policy”** means Policy on Related Party Transactions.  
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- **“Board”** means Board of Directors of the Company.
- **“Audit Committee”** means Committee of Board of Directors of the Company constituted as such under the applicable laws.
- **“Key Managerial Personnel”** or **“KMP”** means Key Managerial Personnel in relation to a Company as defined sub-section 51 of Section 2 of the Companies Act, 2013.
- **“Related Party”** means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

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- **Related Party Transaction” means:**

(i) a transaction between the Company and a Related Party which is of the nature specified in sub-clause (a) to (g) of Section 188(1) of the Act; and

(ii) a transaction involving transfer of resources, services or obligations, regardless of whether a price is charged, between parties as specified under Regulation 2(1)(zc) of SEBI LODR Regulations;

Explanation: Related Party Transaction includes a single transaction or a group of transactions in a contract.

Following transactions shall not be Related Party Transactions:

(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 Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

(i) payment of dividend;

(ii) subdivision or consolidation of securities;

(iii) issuance of securities by way of a rights issue or a bonus issue; and

(iv) buy-back of securities.

- **“Regulations”** 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 “SEBI LODR Regulations”).

- **“Subsequent Material Modifications”** shall mean any modification with respect to the following:

(i) Increase in the limit of amounts approved for a Related Party Transaction with a Related Party in a financial year;

(ii) significant terms and conditions of the contract with a Related Party such as modifications in price, margin, significant alteration to the credit period and material changes in scope of deliverables;

(iii) any other modification which as per the directions of the Audit Committee may be deemed material on case-to-case basis.

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- **“Material Related Party Transaction”** means a transaction with a related party where any 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 of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. In case of payment to a Related Party for brand usage or royalty the materiality threshold will be 5% (five percent)] of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- **“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.
- **“Transactions in the ordinary course of business”** mean transactions/activities that are connected to or necessary for the business of the Company and satisfy the following principles:
  - a) The transaction/activity is permitted under the Memorandum and the Articles of Association of the Company;
  - b) The transaction/activity is carried on a frequent or regular basis or is as per the industry practise and
  - c) The terms of the transaction/activity are similar to those which would be otherwise applicable to transactions with unrelated parties.

### **Policy**

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 Party Transactions:**

- The Company Secretary shall be responsible for keeping a record of all Related Parties of the Company and the transactions with all Related Parties at all times.
- As regards transactions with Related Parties that require prior approval of the Board/Audit Committee, the Company Secretary shall be responsible to notify the Board/ Audit Committee of any such potential Related Party Transactions.
- The notice of any potential Related Party Transaction shall be given well in advance to the Board/ Audit Committee and shall also contain adequate information about the Related Party transaction(s). This will provide the Board/Audit Committee members adequate time and information to consider and review the proposed transaction(s).

### **Approval for Related Party Transactions**

- All related party transactions and subsequent material modifications shall require prior approval of the Audit Committee of the Company.
- A related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company;

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- Further, with effect from April 1, 2023, a related party transaction to which the subsidiary of the Company is a party, but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

### **Omnibus Approval**

Audit committee can grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions-

- The Audit Committee shall lay down the criteria for granting the omnibus approval and such approval shall be applicable in respect of transactions which are repetitive in nature.
- The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.
- 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 seen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees Fifty Lakhs per transaction.

- The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approvals given.
- Omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

### **Material Related Party Transaction**

- All material related party transactions and subsequent material modifications 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.
- Provided that prior approval of the shareholders of the Company shall not be required for a related party transaction to which the listed subsidiary, if any, is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary, if any, as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

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Provided further that the above requirements 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.

### **General**

- The provisions of sub-regulations (2), (3) and (4) of Regulation 23 of SEBI Listing Regulation shall not be applicable if, transactions entered into between the Company and its wholly owned subsidiary or between two wholly-owned subsidiaries of the Company whose accounts are consolidated with the Company and placed before the shareholders at the General Meeting for approval.
- All entities falling under the definition of Related Parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.
- Board's approval shall be required for those Related Party Transactions which fall within the provisions of Section 188 of the Companies Act, 2013 as stated below-
  - 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.
  - g) remuneration towards underwriting the subscription of any securities or derivatives thereof

### **Prior approval**

Prior approval of the Company by way of Ordinary Resolution shall be necessary, if, it crosses the limits mentioned herein below for the above referred transactions-

- 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 Thousand Crore, whichever is lower as referred in Clause (vi)(a) and clause (vi)(e).
- 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 as referred in Clause (vi)(b) and clause (vi)(e).
- c. leasing of property of any kind amounting to ten per cent or more of turnover of the company is lower as referred in Clause (vi)(c).
- 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

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Rupees Five Hundred Crore, whichever is lower as referred in Clause (vi)(d) and clause (vi)(e).

e. for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding Rs. Two and a Half Lakh as referred in Clause (vi)(f).

f. for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth as referred in Clause (vi)(g)

Explanation –

a) It is hereby clarified that the limits specified as above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

b) The turnover or net worth referred in the above shall be computed based on the audited financial statement of the preceding financial year.

- Details as per SEBI circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated 22<sup>nd</sup> November 2021 shall be placed before the Audit Committee while taking such approval.
- 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.
- If the Audit Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party
- Transaction, then the considerations set forth in this policy shall apply to the Board's review/approval of the matter, with such modification as may be necessary or appropriate under the circumstances.
- Any member of the Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

### **Related Party Transaction not approved under this Related Party Transaction Policy**

In the event any Transaction has been undertaken or is being undertaken with a Related Party without obtaining requisite approval under this Related Party Transaction Policy, such transactions should be immediately reported to the Company Secretary. Such Transactions shall be reviewed by the Audit Committee in the next meeting. The Audit Committee shall be provided with all the relevant facts and circumstances for entering such transaction with a Related Party. Based on the information provided, the Audit Committee shall evaluate and take such necessary steps, as it may deem fit, including Ratification, termination, or revision of any terms of the Related Party Transaction. The Audit Committee shall keep the Board apprised of any instances of such transactions entered with any Related Party in contravention of this policy and recommend to Board for its approval.

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### **Disclosures**

The Company is required to –

- disclose the details of all material transactions with related parties on a quarterly basis along with the compliance report on Corporate Governance.
- disclose the particulars of contracts or arrangements with related parties referred to in Section 188(1) in the prescribed form in the Board's Report.
- to disseminate the policy on dealing with Related Party Transactions on its website and also in the Annual Report (by way of a web link).
- disclose Related Party Transaction on consolidated basis, within 30 days from date of publication of its standalone and consolidated financial results for half year, in the format specified in the relevant accounting standards for the annual results to the stock exchanges and publish the same on Company's website

### **Amendments to this Policy**

The Management of the Company may carry out changes to this policy from time to time so as to bring them in line with the amendments as may happen under SEBI Listing Regulations and/or the Companies Act, 2013.

Further the adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically and appropriate recommendations shall be made to the Board to update the Policy based on the changes necessitated, if any, including due to any regulatory amendments or otherwise.