

**POLICY**

**ON**

**RELATED PARTY**

**TRANSACTIONS**

**(RPT)**

## **1. INTRODUCTION**

Pursuant to Regulation 23(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations") the Company is required to formulate a policy on materiality of Related Party Transactions ("RPT") and dealing with related party transactions.

RPT can present a potential or actual conflict of interest which may be against the best interest of the Company and its shareholders. Considering the requirements for approval of RPT as prescribed under the act read with the Rules framed there under and Regulation 23 of the Listing Regulations, the Company has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions. Also, Regulation 23(1) of the Listing Regulations requires the Company to formulate a policy on materiality of RPT and dealing with RPT. In the light of the above, the Company has framed this Policy on RPT ("Policy"). This Policy has been adopted by the Board of Directors of the Company. Going forward, the Audit Committee will review and amend the Policy, as and when required, subject to adoption by the Board.

The Company has formulated guidelines for identifying related parties and maintaining proper documentation of all related party transactions in compliance with the provisions of Section 188 of the Companies Act, 2013 read with the Rules made thereunder and Regulation 23 of the Listing Regulations.

## **2. OBJECTIVE**

The Policy sets out the manner of dealing with the transactions between the Company and its related parties in compliance with the applicable laws and regulations as may be amended from time to time.

### **3. APPROVAL BY THE AUDIT COMMITTEE**

- a. All transactions to be entered with Related Parties shall be entered into only after prior approval of Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances set out below
- b. The Audit Committee shall, after obtaining approval of the Board, 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
- c. 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.

Provided that where the need for RPT cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.

- 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.
- e. 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 approval given; and
- f. Such omnibus approvals shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.

#### **4. APPROVAL BY THE BOARD OF DIRECTORS**

- a. Pursuant to the provisions of Section 188 of the Companies Act, 2013, all transactions specified under the said Section which are not in the ordinary course of business and on arm's length, shall be placed before the Board for its approval.
- b. The following transactions with related parties shall also be placed before the Board for its approval:
  - i. 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 on arm's length and decides to refer the same to the Board for approval;
  - ii. Transactions which are in the ordinary course of business and on arm's length, but which in the view of the Audit Committee requires approval of the Board; and
  - iii. Related party transactions which are to be mandatorily approved by the Board under any law.

## **5. APPROVAL OF THE SHAREHOLDERS**

All Material Related Party Transactions will be carried out only after approval from Shareholders through resolutions.

*Provided that the aforesaid approvals will not be required for transactions entered into by the Company with its wholly owned subsidiary whose accounts are consolidated with the accounts of the company and placed before the shareholders at the general meeting for approval.*

## **6. VOTING REQUIREMENTS**

- a. In determining whether to approve or ratify a Related Party Transaction, the Committee / Board, as the case may be, shall take into account among other factors it deems appropriate, whether the Related Party Transaction is in the Ordinary course of business of the Company and an Arm's Length Transaction and the extent of the Related Party's interest in the transaction.
- b. Any member of the Audit Committee who has a potential interest in any Related Party Transaction will abstain from any discussions or voting on such proposals.
- c. If any director of the Company is interested in any contract or arrangement with a Related Party, such director cannot be present at the Board meeting of the Company during discussions in the matter.
- d. Members who are Related Parties in the context of the related party contract or arrangement for which an ordinary resolution is to be passed shall not vote to approve the related party contract or arrangement for which the approval is sought.

- e. Members who are related parties shall not vote to approve on resolution in respect of approval of material Related Party Transaction.

**7. DISCLOSURES:**

- a. Every Director and Key Managerial Personnel (KMP) shall disclose the parties in which they are deemed to be interested.
- b. Every Director and KMP shall promptly notify the Secretarial Department of any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest.
- c. Each related party transaction, which requires approval of the Board, shall be referred to in the Board's report in the prescribed form together with justification for entering into such contract or arrangement. The Company shall also maintain the Register in the prescribed form.
- d. The Company shall submit to the stock exchanges and publish on its website, 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.
- e. The Company shall disclose the policy on dealing with related party transactions on its website and a web-link thereto shall be provided in the Annual Report.