

A. Applicability

This policy is formed as a part of Corporate Governance Framework as per requirement of Clause 49 of the Listing Agreement entered by the Company with the Stock exchanges in India and also in terms of Section 188 of the Companies Act, 2013 and the rules made thereunder.

B. Purpose

- To regulate transactions between the Company and its Related Parties with a view to ensure that such transactions are executed on an arm's length basis and in a transparent and fair manner.
- To seek necessary approvals of the AC/Board/shareholders as may be necessary, after providing necessary information to them in the prescribed manner.
- To outline the procedures for identification, review, approval, disclosure and reporting of such transactions.

This Policy shall supplement the Company's other policies in force that may be applicable to or involve transactions with Related Parties.

C. Definitions

- **"Associate Company"**, in relation to another company, means a company in which that other company has control of at least twenty percent of Authorized Share Capital, or of business decisions under an agreement, but which is not a subsidiary company of the company having such influence and includes a joint venture company.
- **"Audit Committee"** means Committee of Board of Directors of the Company constituted under provisions of Listing Agreement and the Companies Act, 2013.
- The term **"Control"** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- **"Key Managerial Personnel"** means key managerial personnel as defined under the Companies Act, 2013 and includes-
 - Managing Director, or Chief Executive Officer or manager and in their absence, a Whole time director;
 - Company Secretary; and
 - Chief Financial Officer
- **"Material Related Party Transaction"** means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions

during a financial year, exceed ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company.

- **“Office or place of profit”** means any office or place –
 - where such office or place is held by a director, if the director holding it receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
 - 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 way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.
- **“Policy”** means Related Party Transaction Policy.
- **“Relative”** means relative as defined under Section 2(77) of the Companies Act, 2013
- **“Related Party”** means related party as defined in Clause 49 of the Listing Agreement which is as follows:

A “related party” is a person or entity that is related to the Company. Parties are considered to be related if one party has ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and / or operating decisions and includes the following:

- A person or a close member of that person’s family is related to a company if that person:
 - is a related party under Section 2(76) of the Companies Act, 2013 ;or
 - has control or joint control or significant influence over the company; or
 - is a key management personnel of the company or of a parent of the company; or
- An entity is related to a company if any of the following conditions applies:
 - The entity is a related party under Section 2(76) of the Companies Act, 2013; or
 - Such entity is a related party under the applicable accounting standards.
- **“Related Party Transaction”** means a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged and also includes the transactions/ contracts/ arrangement between the Company and its related parties which fall under one or more of the following headings:
 - Sale, purchase or supply of any goods or materials;
 - Selling or otherwise disposing of, or buying, property of any kind;

- Leasing of property of any kind;
- Transfer of research and development
- License agreements
- Finance (including loans and equity contributions in cash or kin
- Guarantees and collaterals
- Management contracts including for deputation of employees
- **“Transaction on arm’s length basis”** 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”** means activities that are necessary, normal, and incidental to the business and which fall under one or more of the following headings :
 - Import / export of services
 - Import of Fixed assets / spares / computers
 - Purchase and Sale of Fixed assets
 - Royalty Received / paid
 - Commission Income received / paid
 - Re-imbusement of expenses
 - Dividend Received / paid
 - Loans and Advances paid and repaid
 - Interest received on Loans given
 - Interest paid on Loans received
 - Any other as the Audit Committee may deem fit.

D. Policy

I. Approval of Related Party Transactions by the Audit Committee

- All Related Party Transactions except the transactions with the wholly owned subsidiaries of the Company must be reported to the Audit Committee and referred for approval by the Audit Committee in accordance with this Policy.

- Related Party Transactions during the quarter will be referred to the next scheduled meeting of the Audit Committee for review and approval. Any member of the Audit Committee who has a potential interest in any Related Party Transaction will refrain himself/herself from discussion and voting on the approval of the Related Party Transaction.
- The Audit Committee may have an umbrella resolution under which any Related Party Transaction with a value of up to Rs. 1 Crore can be entered into without the Audit Committee approving it in its meeting.
- The Audit Committee may grant Omnibus approval for proposed Related Party Transactions which are repetitive in nature.
- The Audit Committee shall review at least on quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year validity.

II. Approval of Related Party Transactions by the Board and Shareholders:

- In the event contract /arrangement / transaction 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 the Rules framed thereunder and obtain prior approval of the Board and its shareholders, as applicable, for such contract / arrangement / transaction.
- Where Related Party Transactions require approval of the Board through special resolution; any director who is interested in any contract / arrangement / transaction with a related party, shall not be present at the meeting during discussions on the subject-matter of the resolution relating to such contract / arrangement / transaction.
- If a related party transaction is (i) a material transaction as per clause 49, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require shareholders' approval by a special resolution. In such a case, any member of the Company who is a related party, shall not vote on resolution passed for approving such related party transaction.

E. Review and Approval of Related Party Transactions:

- Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recues himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.
- To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the

business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- ✓ Whether the terms of the Related Party Transaction are fair and on arms length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
 - ✓ Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
 - ✓ Whether the Related Party Transaction would affect the independence of an independent director;
 - ✓ Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
 - ✓ Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
 - ✓ Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.
- If the 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 above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.
 - 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.

H. Periodical Review / Amendments of the Policy

The Audit Committee shall periodically review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate.

I. Disclosures:

- Details of all material transactions with related parties are to be disclosed quarterly along with the compliance report on corporate governance.
- All Related Party Transactions shall be disclosed in the Company's quarterly audited financial statements and Annual Report and applicable statutory filings.
- The contract or arrangements entered into with the Related Parties shall be disclosed in the Board Report to the shareholders along with the justification for entering into such contract or arrangement.
- This Policy shall be disclosed on the Company website and a web link thereto shall be provided in the Annual Report.