

Policy on Dealing with Related Party Transactions

(1) Scope :

- (a) SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (“LODR”), inter-alia, requires every Listed Company to formulate a Policy on dealing with related party transactions and materiality of related party transactions
- (b) Further Section 188 of the Companies Act, 2013 (“Act”) provides for specific provisions and requirements for related party transactions
- (c) In the backdrop of Companies Act, 2013 and LODR, this policy is delineated to serve as a guide for dealing with all transactions of the Company with the Related Parties by providing mechanism to identify related parties, to flag material related party transactions, to lay down measures to test arm’s length and normal course of business, to document methodology for approval or ratification of the RPTs including any modification thereof as well as establishing certain reporting requirements

(2) Policy Statement :

- (a) All related party transactions shall be tested on parameters of “arm’s length” and “in ordinary course of business” and the policy parameters shall be pre-approved by the Audit Committee
- (b) The Company has been engaging in certain standard related party transactions which are accruing on regular intervals. The Board of Directors have approved a RPT framework which has set parameters for each of such standard related party transaction. Standard RPTs shall be backed with supporting documentation as detailed in the RPT framework when placed before the Audit Committee for its approval
- (c) The Company shall seek prior Audit Committee approval for all related party transactions and subsequent material modifications to existing related party transactions

- (d) The Company shall seek prior Board and Shareholders approval, in addition to prior audit committee approval, for all material related party transactions and subsequent material modifications and all related party transactions which are not on arm’s length or which are not in ordinary course of business. The concerned Related Parties shall not vote to approve such resolutions

(3) Definitions :

(a)	Related Party	<p>Is/are as defined in Sub Section 76 of Section 2 of the Companies Act, 2013 read with and The Companies (Meetings of the Board and its Powers) Rules, 2014, under the applicable accounting standards and pursuant to LODR and revisions which may take place in the said enactments from time to time</p> <p>Reference and reliance may be placed on the clarifications issued by the Ministry of Corporate Affairs & Securities & Exchange Board of India and other authorities from time to time on the interpretation of the term “Related Party”</p>
(b)	Relative	<p>In relation to a Related Party is as defined in Section 2(77) of the Act and Companies (Specification of Definitions Details) Rules, 2014 and pursuant to LODR and revisions which may take place in the said enactments from time to time</p>
(c)	Related Party Transaction (RPT)	<p>Is/are as defined in Section 188 of the Companies Act, 2013 read with The Companies (Meetings of the Board and its Powers) Rules, 2014, LODR, and the applicable accounting standards revisions which may take place in the said enactments from time to time</p>
(d)	RPT Framework	<p>The RPT Framework recommended by the Audit Committee and approved by the Board of Directors and amendments thereto from time to time which will be also approved by the Board of Directors upon the recommendation of the Audit Committee</p>

(e)	Material Related Party Transaction	<p>For the purposes of this policy the transaction with 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 <i>rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower</i> with effect from 1.4.2022 pursuant to LODR</p> <p>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 of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.</p>
(f)	Arm’s Length Transaction	<p>The expression “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</p>
(g)	Transaction In Ordinary Course Of Business :	<p>The expression “Ordinary course of business” shall cover the usual transactions, common business practices and customs, commercial transactions, activities that fall out of regulatory and covenant obligations, activities essential for ensuring business goodwill, confidentiality and continuity, activities to shield the Company from reputational risk or activities having regard to the timing and purpose thereof are necessary, normal, and incidental to the business of the Company, whether or not the business itself is enlisted in the object clause of the Memorandum of association of the Company. The words “Ordinary course of Business has not been defined under the Companies Act, 2013 or the LODR</p>
(h)	Material modifications:	<p>Material modifications will mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee/Board/ Shareholders, as the case may be</p>

- (4) **Interpretation of the Policy** : In this Policy singular expression shall include the plural thereof. This Policy shall be interpreted and administered by or under the direction of the Audit Committee, which shall have the authority to construe, interpret, implement, amend, modify, delegate, review or restate this Policy
- (5) **Effective Date** :
- (a) This Policy is effective April 1, 2014
 - (b) All proposed RPTs entered into from the Effective Date and till the date of the initial approval of this Policy by the Audit Committee shall be submitted to the Audit Committee for approval and consequently to the Board and/or Shareholders wherever required
- (6) **Identification of the Related Parties** :
- (a) Directors, Key Managerial Personnel (KMP) and their Relatives : On an annual basis, the Company Secretary shall request a disclosure from each Director and KMP to obtain appropriate information with respect to the identity of the Related Parties within the meaning of Section 2(76) of the Act. Directors and KMPs would be responsible for promptly notifying the Company Secretary in case of any changes/updates occur in the Related Parties declared by them
 - (b) Candidate/s appointed/elected as a Director/KMP : Any individual appointed/elected as a director or KMP shall be responsible to promptly complete and submit to the Company Secretary the Disclosure declaration referred to above
 - (c) Updated record of the Individuals and Entities considered as Related Party/ies of the Company : The Company Secretary and Chief Financial Officer shall be jointly responsible to maintain the updated list of Related Parties based on the disclosures received from each of the Subsidiary Companies, the Directors and KMPs and other entities covered under the meaning of the Related Party/ies under the Act and the LODR where applicable

(7) **RPT Framework** : RPT Framework reviewed by the Audit Committee will be approved by the Board of Directors from time to time and will regulate the RPTs falling within this Policy. The RPT Framework shall outline the parameters to be met and documentation required to justify Ordinary Course of Business and on an Arm's Length for standard RPTs which are typical to the nature of Company's business

(8) **Procedure for Approval of RPT** :

- (a) Each RPT whether or not captured in the RPT framework shall be assessed and confirmed by the Company Secretary, Chief Financial Officer and Chief Executive Officer on the 'arm's length', 'ordinary course of business' 'materiality' and 'material modification to an existing related party transaction' parameters. All RPTs reviewed and confirmed by the Company Secretary, Chief Financial Officer and Chief Executive Officer shall be referred to the Audit Committee for its approval
- (b) All RPTs and subsequent material modifications thereof, shall require prior approval of the Audit Committee of the Company, further only those members of the audit committee, who are independent directors, shall approve related party transactions

Prior approval Audit Committee of the Company shall also be required for

- (i) a related party transaction to which the subsidiary of a Company is a party but the Company is not a party, 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, with effect from April 1, 2022;
- (ii) a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, 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, with effect from April 1, 2023;

- (c) The Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the company subject to the following conditions :
 - (i) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company in respect of transactions which are repetitive in nature
 - (ii) The Audit Committee satisfies itself about the need for such omnibus approval and that such approval is in the interest of the company
 - (iii) Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can 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 foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding c 1 Crore per transaction
 - (iv) Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given
 - (v) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year
- (d) All RPTs placed before the Audit Committee shall be supported by such documentation and reporting as is mandated by the Companies Act, 2013 and the LODR or any modification therein from time to time
- (e) If in the opinion of the Audit Committee, the intended RPT is not in the Ordinary Course of Business and/or not on an Arm's Length basis and exceeding the threshold prescribed by Companies Act, 2013 and rules made thereunder or is a material RPT or it is subsequent material modifications to an existing RPT, it shall ask the Board of Directors to seek prior approval of the Shareholders of the Company by a Resolution for such RPT. Related party shall not vote to approve such Resolutions whether the entity is a related party to the particular transaction or not
- (f) All material related party transactions and subsequent modification 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. However, Shareholders approval shall not be required for Material RPTs entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with that of the Company and placed before the shareholders at the general meeting for approval and transactions entered into 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

The requirement of Shareholders approval 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

- (g) All entities falling under the definition of related parties shall not vote to approve an RPT proposal, irrespective of whether the entity is a party to the particular transaction or not

(9) Role of the Board of Directors and the Audit Committee :

- (a) The Board of Directors will approve/amend the RPT Framework from time to time for RPTs. The Board of Directors will be responsible to provide overall direction and monitor the RPT regime in the Company from time to time
- (b) The Audit Committee shall test each RPTs on materiality, material modification of exiting RPTs, arm's length and ordinary course of business. The Audit Committee will be responsible for overall monitoring and supervision of the RPT regime in the Company

(10) Reporting and Review :

- (a) Quarterly Reporting : At each quarterly meeting of the Audit Committee, a Report shall be provided summarising all RPTs, which shall include payments by or to the Company or from Related Parties for the immediately preceding fiscal Quarter of the Company
- (b) Review of RPT Policy and Framework : The Board may from time to time review the RPT Policy and/or the RPT Framework as it may deem fit subject to the applicable provisions of the Act and the LODR, wherever applicable

- (c) Review by the Internal Auditors : The Annual Internal Audit Program will also include review of the processes followed in connection with the Related Party Policy and Framework on a 100% basis

(11) Disclosure of the RPTs :

- (a) RPTs entered into during the year and such prescribed details thereof will be disclosed in the Annual Report in accordance with the provisions of the Act and Rules framed thereunder
- (b) The Company shall submit to the stock exchanges disclosures of related party transactions from time to time, and publish the same on its website as per the provisions of SEBI LODR
- (c) The Company shall disclose this policy on its website and a web link thereto shall be provided in the Annual Report."

(12) Explanation : For the purposes of this policy all terms which are not explained or defined in this policy shall have the meaning assigned to the subject term under the Companies Act, 2013 and rules made there under including any past enactment thereof, and the LODR and Accounting Standards issued by Institute of Chartered Accountants of India

(13) Amendment : As the Policy is derived from the provisions of LODR read with Companies Act, 2013, provisions of this policy shall stand automatically revised to reflect any amendment to the LODR or Companies Act, 2013 from time to time