

## **RELATED PARTY TRANSACTION POLICY**

*[Under Section 188 of Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

1. This policy is formulated on materiality of Related Party Transactions and on dealing with Related Party Transactions in terms of Section 188 of Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 .

### **2. Definitions**

- **“Related Party”** shall mean any person identified as Related Party in accordance with section 2(76) of Companies Act, 2013 (“Act”) or under SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 (“LODR”) or applicable accounting standards.
- **“Related Party Transaction”** shall mean any transaction as defined under Section 188 of the Act or Regulations 2 & 23 of LODR or applicable accounting standards
- **“Related Party Transaction of the Company”** shall mean any Related Party Transaction where the Company is a party to the transaction/contract/ arrangement with a Related Party.
- **“Related Party Transaction of the Subsidiary”** shall mean any Related Party Transaction where the Subsidiary of the Company is a party to the transaction/contract/ arrangement with a Related Party but the Company is not a party.
- **Materiality of Related Party Transaction(s)**

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 ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company or such sum as may be prescribed under LODR as amended from time to time.

However, 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 Company as per the last audited financial statements of the Company.

- **‘Material modification’** means change/variation/modification to any Related Party Transaction already approved, the effect of which is as under:

- Change by way of increase in the value of transaction exceeding 10 percentage of the original transaction
  - Change in terms & conditions of the transactions, notional value of which, wherever determinable, exceeds 10% of the value of original transaction
  - Change in tenor of the transaction in case of transactions relating to loans, guarantees, security and advances extended or obtained.
  - Change that results in transaction to become a non-arm's length transaction
- **'Subsidiary'** means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013 ("Act").

All other terms and references used but not defined herein shall have the same meaning as is assigned to them under the Act, the LODR and rules, regulations, notifications and circulars issued thereunder.

3. No Related Party Transaction may be entered into by the Company, except in accordance with provisions of the Act, LODR and applicable Accounting Standards, as amended from time to time.
4. All Related Party Transactions shall be entered on arms' length basis.

In exceptional circumstances, where permitted by law, Related Party Transactions may deviate from the principle of arm's length, after approval from Audit Committee and the Board of Directors, as the case may be.

In exceptional circumstances, where permitted by law, Related Party Transaction(s) of the Subsidiary which exceed the threshold specified in Regulation 23 of the LODR, may deviate from the principle of arm's length, after obtaining approval from its audit committee and / or board of directors, as the case may be and approval of Audit Committee and Shareholders of the Company, wherever applicable.

5. The Related Parties are obligated to disclose complete information about the proposed transaction with the Company, so as to enable the Company to determine whether the transaction constitutes a Related Party Transaction requiring compliance with this policy.
6. All Related Party Transactions of the Company and subsequent Material modification thereto, shall require prior approval of the Audit Committee or the Board of Directors or the Shareholders of the Company, as the case may be, as required under and subject to the Act and LODR.
7. All Related Party Transaction(s) of the Subsidiary exceeding the threshold of material related party transactions as specified in Regulation 23 of the LODR and subsequent Material modification thereto, shall require prior approval of the Audit Committee or the Shareholders of the Company, as the case may be.

8. No director who is interested in any such transaction e at the meeting during discussions on the subject matter of the resolution proposed for Board/ Audit Committee Approval.
9. Audit Committee shall review information on Related Party Transactions) (as prescribed under Act, LODR or applicable accounting standards) as such frequency as specified in the applicable laws.
10. Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act/Rules/Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and/or amended to that extent, even if not incorporated in this Policy.
11. This policy will be reviewed as and when required but at least once in three years.