

POLICY ON RELATED PARTY TRANSACTION

1) DEFINITION

“Material Related Party Transactions”- means an Related Party Transactions with thresholds as prescribed under the Listing Regulations.

“Material modification” means any subsequent change to an existing Related Party Transactions, having variance of 10% of the existing limit or Rs.5 lakh whichever is lower.

2) THE POLICY

The Management identifies the related party transactions, which are submitted to the Audit Committee for their approval. The Audit Committee shall be the appropriate authority to review and give prior approval for all Related Party Transactions and subsequent material modifications. Thereafter the same is placed before the Board for final approval.

The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23(3) of the Listing Regulations and such other conditions as it may consider necessary and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions and material modifications thereof, entered into by the Company pursuant to the omnibus approval. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

3) CONSIDERATION BY THE AUDIT COMMITTEE IN APPROVING THE PROPOSED TRANSACTIONS

Prior to the approval, the Committee shall, inter-alia, consider the following factors to the extent relevant to the transaction:

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company’s business and are on an arm’s length basis; A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm’s length price, would require approval of the Board or of shareholders, as detailed in subsequent paragraphs.
- b. The business reasons for the Company to enter into the Related Party Transaction;
- c. Whether the Related Party Transaction includes any potential reputational risks.

4) CONSIDERATION BY THE BOARD OF DIRECTORS IN APPROVING THE PROPOSED TRANSACTIONS

In case any Related Party Transactions are placed to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm’s length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will abstain himself from discussion and voting on the approval of the Related Party Transaction.

5) APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS

If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, 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, then such Related Party Transaction and any subsequent material modification thereto, shall require shareholders’ approval by a resolution. In such a case, any member of the Company who is a Related Party, irrespective of being related to the said transaction or not, shall not vote on resolution passed for approving such Related Party Transaction.

6) RATIFICATION OF RELATED PARTY TRANSACTION

If prior approval of the Audit Committee/ Board/ General Meeting for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee and the Board/ general meeting, if required, within 3 months of entering in the Related Party Transaction. Until approval obtained, such transaction shall not be deemed to violate this Policy, or be invalid or unenforceable.

In cases where a transaction is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders. If such contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

7) POLICY REVIEW

The Board of Directors/Audit Committee of the Company shall review the Policy once in three years and may amend the same from time to time.

Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.