

Related Party Transactions Policy

Adopted on September 2014

Revised on May 2021

Purpose of the Policy :

Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") requires the company to formulate a policy on materiality of related party transactions and on dealing with related party transactions ("RPT") including clear threshold limits ("Policy") duly approved by the Board of Directors. Accordingly, the Board of Directors of the Company on the recommendation of the Audit Committee, has formulated this Policy governing the provisions of related party transaction in line with the requirements of the Companies Act 2013 ("the Act") read with the Rules framed thereunder and listing regulations, as amended from time to time.

This Policy is intended to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its related parties. This Policy specifically deals with the review and approval mechanism of material related party transactions keeping in mind the potential or actual conflicts of interest that may arise because of such transaction.

Threshold for determining Materiality:

Regulation 23 of the Listing Regulations requires a company to provide thresholds for materiality of related party transactions beyond which approval of the shareholders through resolution will be required. Hence, the Company has determined the following limits for the each of the transactions:

RPT other than Brand usage or Royalty: A transaction with a 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 ten percent (10%) of the annual consolidated turnover of the Company as per the last audited financial statements of Company.

RPT in respect of Brand usage or Royalty: 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 (5%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

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Definitions:

“Act” means the Companies Act, 2013 including any statutory modification(s) or re-enactment(s) thereof;

“Listing Regulations” means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended time to time.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the Listing Regulations.

Identification of Related Party Transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. The Audit Committee/Board of Directors will identify the related party transactions in accordance with Section 188 read with Section 177 of the Act and Regulation 2(1)(zc) of the Listing Regulations. The Audit Committee/Board of Directors will determine whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, it may seek external expert opinion, if necessary.

Approval Mechanism Process :

1. All Related Party Transactions or any subsequent modifications thereof shall require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the conditions as mentioned in the Act and Listing Regulations.

Provided that where the need for related party transaction cannot be foreseen and required details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

2. Further, the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given. Such omnibus approvals shall be valid for a period

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not exceeding one year. Any related party transactions which are neither in the ordinary course of business nor at arm's length basis shall be approved by the Board of Directors of the Company.

3. The following transactions which are neither at arm's length basis nor in the ordinary course of business of the Company shall be entered with the prior approval of the shareholders of the Company by passing a resolution:
 - a. Sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of the annual turnover of the Company;
 - b. Selling or otherwise disposing off or buying property of any kind, directly or through appointment of agent, amounting to 10% or more of net worth of the Company;
 - c. Leasing of property of any kind, amounting to 10% 10% of turnover of the Company;
 - d. Availing or rendering of any services, directly or through appointment of agent, amounting to of 10% or more of turnover of the Company ;
 - e. Appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding Rs. 250,000 per month;
 - f. Remuneration for underwriting the subscription of any securities of the company or derivatives thereof if the Company in excess of 1% of the net worth of the Company.
4. All material related party transactions, even if they are at arm's length and in the ordinary course of business and within the limits specified in (3) above need to be approved by a resolution of the shareholders and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.
5. Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

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6. The agenda of the Board meeting at which such related party transactions are proposed to be approved shall disclose all details of the transactions like
- a. the name of the related party and the relationship;
 - b. particulars of the contract or arrangement and nature, duration of contract;
 - c. the material terms of the contract or arrangement including the value, if any
 - d. the manner of determining the pricing and other commercial terms of the contract, both included as part of contract and not considered as part of the contract;
 - e. any advance paid or received for the contract or arrangement, if any;
 - f. whether all factors relevant to the contract have been considered, if not, the details of the factors not considered together with the rationale;
 - g. any other information relevant or important for the Board to take a decision on the proposed transaction.

All transactions with Related Parties shall be carried out at arm's length principle – i.e. A transaction between the company and the related party shall be conducted as if they were unrelated, so that there is no conflict of interest.

Related Party Transaction not approved under this policy

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

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Review of the Policy:

This Policy shall be reviewed by the Board of Directors of the Company on the recommendation of the Audit Committee of the Company once in every three years and may amend the same from time to time. However, amendments in the Listing Regulations/other applicable laws shall be binding even if not incorporated in this Policy.

Disclosures:

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transaction and the transactions which are material in nature in form AOC-2. The Company shall submit 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 consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

Details of all material transactions with related parties shall be disclosed quarterly to stock exchange after the same are approved by the Audit Committee / Board along with Compliance report on corporate governance.

The company shall disclose this policy on its website and a weblink thereto shall be provided in the Annual Report.