

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

I PURPOSE

The Company acknowledges the fact that related party transactions can represent a potential conflict of interest which may prejudice the interest of the company and its stakeholders.

Bearing in mind the pre-requisites for approval of related party transactions under the Companies Act, 2013 (“Companies Act”) read with the Rules framed there under and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, (“SEBI LODR”), the Board of Directors have adopted the following policy in relation to determining Materiality of Related Party Transactions and on dealing with Related Party Transactions.

Further, Regulation 23(1) of the SEBI LODR requires a company to formulate a policy on materiality of related party transactions and on dealing with related party transactions.

The purpose of the Policy is to ensure an effective system of checks and disclosure process to encourage transparency, adoption of best governance practices and that all Related Party Transactions are in the best interests of all the members.

II DEFINITIONS

“**Arm’s Length Transaction**” shall mean a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

“**Material Related Party Transactions**” shall mean transaction/transactions to be entered into individually or taken together with previous transactions during a financial year exceeding Rupees 2,000 crore or ten percent (10%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company whichever is lower or such other threshold as may be prescribed from time to time.

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 (5%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such other threshold as may be prescribed from time to time.

“**Ordinary Course of Business**” shall mean a transaction which is carried out in the normal course of business by the Company or is an activity as envisaged in the Memorandum of Association of the Company as amended from time to time.

“**Related Party Transactions**” or “**RPT**” shall mean all transactions between the Company and one or more related party including contracts, arrangements and transactions as provided in Section 188(1) of the Act and/or Regulation 2(zc) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

“Subsequent Material Modifications” shall mean a subsequent revision of at least ten percent (10%) of the total transaction value or any such threshold as maybe determined by the Board from time to time.

All the words and expressions used and not defined in this Policy, shall have meaning respectively assigned to them under the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 or any other applicable laws for the time being in force and rules and regulations made thereunder as amended, from time to time shall have the meanings respectively assigned to them in those legislations.

III POLICY

Identification of Related party:

- i. The Company shall identify Related Parties as per the definition provided in the applicable laws, including the Companies Act and the SEBI LODR, as amended from time to time. The Company shall regularly verify and update the Related Party List and review and confirm (at least once a quarter) and in accordance with the applicable laws as prevalent.

Each Director and Key Management Personnel (KMPs) shall provide declaration, at the time of appointment, beginning of every financial year and whenever there is any change in the disclosure so made of:

- its relatives;
- firms in which such Director or Manager or his relative is a partner;
- Private Companies in which a Director or Manager or his relative is a member or Director;
- Public Companies in which a Director or manager is a Director and holds along with the relatives more than 2% of the paid-up share capital.

The Compliance Officer shall:

- Basis the declaration of Directors and KMP, identify and keep on record in the form of an updated database the information pertaining to Related Parties, along with their personal/company details;
- Update the database of Related Parties whenever necessary and review at least once a quarter.

Identification of Related party transactions:

- i. Each Director and KMP will be responsible for providing notice to the Company or Audit Committee of any potential RPT involving him or her or his or her relative;
- ii. Any other RPT identified during the periodic review not covered under any specific broad category shall be independently reviewed, approved and included for conformance as a part of Related Party Policy mechanism.

Approval of Related party transactions:

- i. All RPTs and Subsequent Material Modifications shall require prior approval of the Audit Committee. The approval of the Audit Committee can be granted by way of a circular resolution. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to Regulation 23 of SEBI LODR.
- ii. All material related party transactions exceeding such sums, as prescribed under Section 188 of the Companies Act, 2013 read with relevant rules prescribed thereunder shall require prior approval of the shareholders through resolution.

In case of related party transaction which is not in the ordinary course of business or which is in the ordinary course of business but is not arm's length transaction, whether or not it is a material related party transaction, prior approval of the Board vide a resolution passed at the meeting of the Board shall be necessary.

- iii. A related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten percent (10%) of the annual consolidated turnover, as per the last audited financial statements of the Company;

With effect from April 1, 2023, a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten percent (10%) of the annual standalone turnover, as per the last audited financial statements of the subsidiary

- iv. Prior approval of the audit committee shall not be required for a related party transaction to which the Company is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to above, the prior approval of the audit committee of the listed subsidiary shall suffice.

- v. Omnibus Approval may be granted by the Audit Committee if following conditions are satisfied:
 - Such RPTs are repetitive in nature (on cumulative basis);
 - Such an approval is in the interest of the Company;

- Specify:
 - a. the name/s of the related party, nature of transaction, period of transaction, maximum amount of transactions, in aggregate, that can be entered into in a year, maximum value per transaction which can be allowed;
 - b. the indicative base price / current contracted price and the formula for variation in the price if any (for eg: +/- 5%);
 - c. transactions which cannot be subject to the omnibus approval by the Audit Committee and
 - d. such other conditions as the Audit Committee may deem fit.

Provided that where the need for RPT cannot be foreseen and the aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction;

- The 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 approvals given;

Such omnibus approvals shall be valid for a period not exceeding 1 financial year and shall require fresh approvals after the expiry of such financial year.

- vi. The Audit Committee shall have the discretion to recommend/refer any matter relating to any RPT to the Board for its approval.
- vii. Further, only those members of the Audit Committee, who are independent Directors, shall approve Related Party Transactions.
- viii. All material related party transactions and subsequent material modifications as defined shall require prior 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.

Information to be provided for approvals:

The following information, for review of the audit committee for approval of a proposed RPT shall be provided:

- i. Type, material terms and particulars of the proposed transaction;
- ii. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- iii. Tenure of the proposed transaction (particular tenure shall be specified);
- iv. Value of the proposed transaction;
- v. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- vi. If the transaction relates to any loans, inter-corporate deposits, advances or investments

made or given by the listed entity or its subsidiary:

- a. Details of the source of funds in connection with the proposed transaction;
- b. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - i. nature of indebtedness;
 - ii. cost of funds; and
 - iii. tenure;
- c. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
- d. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- vii. Justification as to why the RPT is in the interest of the listed entity;
- viii. A copy of the valuation or other external party report, if any such report has been relied upon;
- ix. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis
- x. Any other information that may be relevant
- xi. The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- i. A summary of the information provided by the management of the listed entity to the audit committee;
- ii. Justification for why the proposed transaction is in the interest of the listed entity;
- iii. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs.)
- iv. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- v. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- vi. Any other information that may be relevant.

IV. COMPLIANCE

Every person associated with RPTs shall be accountable for compliance with this Policy. In case of breach of Policy, Audit Committee may initiate appropriate action against the person/s responsible.

V. REVIEW OF THE POLICY

This Policy shall be subject to review by the Board as may be deemed necessary or to meet

any regulatory requirements.

VI. DISCLOSURES

The Policy for determining material subsidiaries is to be disclosed on the website of the Company and a web link thereto shall be provided in the annual report.

VII. EFFECTIVE DATE

The Policy shall be effective from January 31, 2022.