



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

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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/the 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.

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.

“Board of Directors” or “Board” in relation to a Company, means the collective body of Directors of the Company (Section 2(10) of the Companies Act).

“Key Managerial Personnel” or “KMP” means:

1. The Chief Executive Officer (CEO) or the Managing Director or the Manager as defined under the Act;
2. The Company Secretary;
3. The Whole- time director;
4. The Chief Financial Officer (CFO);
5. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
6. such other officer as may be prescribed.

“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 150 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 **“RPTs”** 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 Companies Act and/or Regulation 2(zc) of SEBI LODR.

“Subsequent Material Modifications” shall mean any 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 or any other applicable laws for the time being in force and rules and regulations made thereunder as amended, from time to time.

III POLICY

All RPTs shall require prior approval of the Audit Committee. All Material RPTs and Material Modifications shall require prior approval of the Shareholders of the Company in accordance with this Policy. In dealing with RPTs, the Company will follow the below mentioned approach:

A. Identification of Related party:

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.

B. Identification of RPTs:

1. Each Director and KMP will be responsible for providing notice to the Company or Audit Committee of any potential RPTs involving him or her or his or her relative;
2. Any other RPTs 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.

C. Approval of RPTs:

1. Audit Committee approval

- 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 or at a meeting or through electronic mode. However, the Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the Company subject to compliance of the conditions contained in the Companies Act and Regulation 23 of SEBI LODR as amended from time to time.
- ii. The Audit Committee shall have the discretion to recommend/refer any matter relating to any RPT to the Board for its approval.
- iii. Only those members of the Audit Committee, who are independent Directors, shall approve RPTs.

Related Party transactions of subsidiaries

RPTs to which the unlisted 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.

Omnibus approval

Omnibus Approval shall 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. 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.

All material RPTs and subsequent 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.

2. Board approval

All RPTs that are not in the ordinary course of business or not on arm's length basis shall be referred to the Board of Directors for their approval. Any member of the Board who has a potential interest in such RPTs will recuse himself or herself and abstain from voting on the approval of such RPTs. Such member may, however, participate in discussions with respect to other RPTs placed for approval of the Board.

3. Shareholders' approval:

All material RPTs and transactions exceeding such sums, as prescribed under Section 188 of the Companies Act read with relevant rules prescribed thereunder shall require prior approval of the shareholders through resolution.

All entities falling under the definition of Related Parties shall not vote to approve the RPTs irrespective of whether the entity is a party to the particular transaction or not.

D. Deemed Approval

RPTs that shall not require separate approval under this Policy:

- a. Any transaction pertaining to appointment and remuneration of Directors and KMPs that has already been approved by the Nomination and Remuneration Committee of the Company or the Board.

VI 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.

VI 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.

VII DISCLOSURES

This Policy is to be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report

VIII EFFECTIVE DATE

This Policy was approved and adopted by the Board on January 31, 2022 and was further reviewed and amended on May 29, 2023. The revised Policy shall be effective from May 29, 2023.

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