

Policy on Materiality of Related party transactions and on dealing with Related party transactions

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Provisions with regard to Related Party Transactions are covered under Section 177 and 188 of the Companies Act 2013 (the Act) read with Rule 6A and Rule 15 of the Companies (Meetings of Board and its Powers) Rules 2014 and Regulation 23 of the (Listing Obligations and Disclosure Requirements) Regulations, 2015. In the light of the above, the Company has framed this Policy on Materiality of Related party transactions and on dealing with Related party transactions ("Policy").

The Board of Directors of the Company ("Board") on recommendation of the Audit Committee of the Company shall review and amend the Policy, as and when required.

A. DEFINITIONS:

1. Arm's Length Transaction:

'Arm's Length' transaction with reference to the Company, means:

A transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

2. Material Modification

Material Modification means any modifications in the terms and conditions of the contract with the related party transactions which were approved by the Audit Committee or Shareholders for the year which will change the complete nature of the transaction or change in the monetary thresholds which is 10% or in excess of 10% of the originally approved transaction or any other modification which as per the directions of the Audit Committee may be determined as material on case to case basis.

3. 'Material' Related Party Transaction:

Material Related Party Transaction in terms of SEBI LODR means a

- Transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year exceeds rupees

one thousand crore or ten per cent of the annual turnover of the Company as per the last audited financial statements of the Company whichever is lower;

- 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 turnover of the Company as per the last audited financial statements of the Company.

4. Office or Place of Profit:

‘Office or Place of Profit’ means an office or place:

- where such office or place is held by a director, if the director holding it receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as a director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- where such office or place is held by an individual other than a director or by any firm, private Company or other body corporate, if the individual, firm private company or body corporate holding it receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

5. Related Party:

“Related Party” means a related party as defined under the Companies Act, 2013 or rules made thereunder or under the applicable accounting standards and LODR, as amended from time to time.

6. ‘Transaction’ with a Related Party:

“Related Party Transactions (RPT)” shall mean such transactions as specified under the provisions of the Companies Act, 2013 & LODR including any amendment or modification thereof, as may be applicable.

7. Relative:

‘Relative’ means a relative as defined under the Companies Act, 2013 or rules made thereunder and LODR, as amended from 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended from time to time.

In case of any conflict between this Policy and applicable law, the applicable law (as existing on the date of the concerned transaction) shall prevail.

B. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION:

1. AUDIT COMMITTEE:

All the transactions which are identified as RPTs and subsequent material modifications thereto should be pre-approved by the Audit Committee before such transactions are entered into. The Audit Committee shall consider all the relevant factors as prescribed under Companies Act, 2013 and rules framed thereunder and in the SEBI (LODR) Regulations, 2015 while deliberating on the RPTs for its approval.

The Related Party Transactions shall be approved only by the members of the Audit Committee who are Independent Directors.

Any member of the Committee who has a potential interest in any related party transaction will recuse himself and abstain from discussion and shall not vote to approve the related party transaction. 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 of Directors or of shareholders as detailed in subsequent paragraphs.

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 in line with this Policy 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.

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

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.

A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification, if permitted under Applicable Law. It will be open to the Company to proceed against its director or any other employee who had entered into such Related Party Transaction in contravention with the Applicable Laws.

2. BOARD OF DIRECTORS:

In case any Related Party Transactions are referred by the Company 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 recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

3. SHAREHOLDERS:

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 RPT 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.

C. REPORTING OF RELATED PARTY TRANSACTIONS:

1. (a) every director of a company shall, at the first meeting of the board in which he participates as a director and thereafter at the first meeting of the board in every financial year or whenever there is any change in the disclosures already made, then at the first board meeting held after such change, disclose his concern or interest in any entity as prescribed under section 184 of the companies act,2013 and the rules framed thereunder

(b) Every director or key managerial personnel shall within a period of thirty days of his appointment or relinquishment of his office, as the case may be, disclose to the company the particulars as required under section 189 of the companies act, 2013.

2. Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

3. The details of all transactions with related parties shall be submitted, in the format specified, to the stock exchanges, as per the manner and timelines set-out in the Listing Regulations and the same shall be published on the Company's website.

D. POLICY REVIEW:

This policy is framed based on the provisions of the Companies Act, 2013 ("Act") and rules made thereunder and the requirements of the SEBI Listing Regulations ("the Regulations")

In case of any subsequent changes in the Act or Regulations which makes any of the provisions in the policy inconsistent with the Act or Regulations, the provisions of the Act or Regulations would prevail over the Policy and the provisions in the policy would be suitably modified in due course to make it consistent with the Act or Regulations.