

## **Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions**

### **1. Purpose:**

Regulation 23 of SEBI (Listing Obligation and Disclosure requirement) Regulation, 2015) and amendment thereof requires that the company shall formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. Section 188 and other applicable provisions of the Companies Act, 2013 read with relevant rules of the Companies (Meeting of Board and its Powers) Rules, 2014 and Listing Regulations, deals with Related Party Transactions and prescribes its approval process.

### **2. Basis for determination of Materiality of Related Party Transactions:**

Material Transactions will be determined as per the following criteria:-

Sl. No.	Category of Transaction(s) during a financial year	Criteria
1	Sale, purchase or supply of any goods or materials;	Amounting to 10% or more of turnover of the Company
2	Selling or otherwise disposing of, or buying property of any kind;	Amounting to 10% or more of net worth of the Company
3	Leasing of property of any kind;	Amounting to 10% or more of turnover of the Company
4	Availing or rendering of any services;	Amounting to 10% or more of turnover of the Company
5	Such Related Party's appointment to any office or place of profit in the company, or associate company	At a monthly remuneration exceeding Rs. 2.5 lakh
6	Underwriting the subscription of any securities or derivatives thereof, of the company	Exceeding 1% of net worth
7	All transaction (including transactions as specified at serial number 1 to 6 with related parties.	Exceeding 10% of the annual consolidated turnover of the Company.

### **3. Dealing with Related party transactions:**

#### **3.1 Approval of Audit Committee:-**

All Related Party Transactions shall require prior approval of the Audit Committee.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this policy and such approval shall be applicable in respect of transactions which are repetitive in nature.
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- Such omnibus approval shall specify:

(i) the name/s of the related party; (ii) nature of transaction; (iii) period of transaction; (iv) maximum amount of transaction that can be entered into; (v) the indicative base price / current contracted price and the formula for variation in the price if any and; (vi) such other conditions as the Audit Committee may deem fit.

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 Rs.1 crore per transaction.

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

Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the company pursuant to each of the omnibus approval given.

#### **3.2 Approval of Board of Directors:-**

In addition to the approval of the Audit Committee, all Related Party Transactions will need approval by way of resolution of the Board of Directors, except the following:-

- (a) Transactions which are in the ordinary course of business, or
- (b) Transactions which are at an arm's length price.

#### **3.3 Approval of Members:-**

In addition to the approval of the Audit Committee and the Board of Directors, all Related Party Transactions will need prior approval by way of resolution of the Members, except the following:-

- (a) Transactions within the limits as per the criteria mentioned in serial no. 2 above, or
- (b) Transactions which are in the ordinary course of business, or
- (c) Transactions which are at an arm's length price.

#### **3.4 Related Party not to vote:-**

All related parties shall abstain from voting on resolution irrespective of whether the Related Party is related to a particular transaction or not.

### **4. Review and approval of the Policy:**

This policy shall be reviewed and approved by the Board of Directors at least once in every three years and, as and when required by the Act or in the Listing Regulations.

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