

# POLICY ON MATERIAL RELATED PARTY TRANSACTION

## 1. Preamble

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“LODR”) has mandated every listed company to formulate a policy on materiality of Related Party Transactions and on dealing with Related Party Transactions (“Policy”).

In pursuance to the Regulation 23(1) of the LODR Regulations, 2015, as amended from time to time, it is required that the Board of Directors of every listed Company shall formulate a policy on materiality of related party transactions and on dealing with related party transactions.

Accordingly, the Company has formulated this Policy. This Policy regulates all transactions between the Company and its Related Parties.

This Policy will be effective from the date of listing of equity shares of the Company.

## 2. Definition:

- i. “Arm’s length transaction” means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- ii. “Associate Company” means a company that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company, as per Section 2(6) of the Companies Act, 2013.

Explanation — For the purposes of this clause, significant influence” means control of at least twenty percent of total voting power, or control of or participation in business decisions under an agreement. Further, "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

- iii. “Audit Committee” means the committee constituted by the Board of Directors of the Company under the provisions of SEBI (LODR) Regulations, 2015 and Companies Act, 2013, as may be amended from time to time.
- iv. Board means Board of Directors of the Company
- v. “Industry Standards” shall mean the Industry Standards on “Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of

- vii. Related Party Transaction (RPT)” as notified by SEBI vide its circular dated February 14, 2025.
- viii. Material modification” means any subsequent change to an existing Related Party Transaction, having variance of 20% of the existing limit or Rs.50 crores whichever is lower.
- ix. “Material Subsidiary” means shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- x. “Material Related Party Transaction” means a related party transaction/ n/transactions to be entered into individually or taken together with previous transactions during a financial year, **exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the Company** as per the last audited financial statements of the Company, whichever is lower.

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 of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- xi. “Related Party” means related party as defined under Section 2(76) of the Companies Act, 2013 and the rules framed thereunder or under the applicable accounting standards read with 2(zb) of the SEBI LODR Regulation.
- xii. “Related Party Transaction (“RPT)” means a transaction as defined under Regulation 2(zc) of the SEBI LODR Regulation.
- xiii. “Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Listing Regulations, as amended from time to time.

### 3. PROCEDURES:

#### I. Identification of Related Party Transactions

- a) The Company shall identify Related Parties (including those of its subsidiaries), as per requirement of Companies Act, 2013 and SEBI LODR and keep the related party list updated from time to time;
- b) Every director, key managerial personnel (KMPs) and promoters shall at the beginning of the financial year provide information by way of written notice to the company regarding their concern or interest in the entity with specific concern to parties which may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per the Companies Act, 2013 and SEBI LODR. Directors, KMPs and promoters are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party as per the Companies Act, 2013 and SEBI LODR. Every director, KMP and promoter shall also be required to immediately intimate to the Company Secretary, any change (addition or deletion) to previously provided disclosure of concern or interest in any entity or list of relatives.
- c) Every Director, KMP, Sector Presidents, officers authorized to enter into contracts/ arrangements will be responsible for providing prior notice to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Board / Committee may request, for being placed before the Committee and the Board.
- d) Further, every Director, KMP, Promoter, Promoter Group or any other person dealing with the Company shall disclose to the Company all information that is relevant and necessary for the Company to ensure compliance with the applicable laws, from time to time.
- e) The Company will identify potential transactions with Related Parties based on written notices of concern or interests received from its Directors / Key Managerial Personnel / Promoters as well as based on the list of related parties of the Subsidiary Companies, in the manner prescribed in the Companies Act, 2013 and the rules thereunder and SEBI LODR as amended from time to time.

## II. Review and approval of Related Party Transaction

### 1. Prior approval of the Audit Committee:

- a. Every Related Party Transaction and subsequent Material Modifications shall be subject to the prior approval of the Audit Committee.
- b. With effect from April 1, 2023, an RPT to which the subsidiary of a Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten percent of the annual standalone turnover, as per the last audited financial statements of the subsidiary company. Audit Committee may also grant omnibus approval for such transactions.
- c. Audit Committee will record reasons for approving RPTs especially where doubts arise on arm's length basis.
- d. With effect from April 1, 2023, Prior approval of the audit committee is required the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries.
- e. All the material RPT's as per the provisions of the SEBI LODR, are placed before the shareholders for approval.
- f. In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business or are not at arm's length basis; and (b) exceed the thresholds laid down in Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, shall be placed before the shareholders for approval.

### 2. Exceptions:

- i. The requirement for seeking Shareholders' approval shall not be applicable to transactions between the Company and its wholly-owned subsidiary (ies) whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- ii. Further, the requirement for seeking shareholders' approval shall not be applicable for RPTs between the two wholly owned subsidiaries of the Company whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- iii. Furthermore, the requirement for seeking shareholders' approval shall not be applicable for transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and Central Government or State Government or any combination thereof on the other hand.

- iv. Remuneration and sitting fees paid by the Company or its subsidiaries to its directors, key managerial personnels or senior management, except who is part of promoter or promoter group, provided that the same is not material in terms of the provisions of Regulation 23 of the Listing Regulations.
- v. Members of the Audit Committee, who are independent directors, shall only approve related party transactions.

### 3. Omnibus Approval:

- a) The Audit Committee, at the time of approval of RPTs, shall take into consideration the certificate to be placed before it by the Chief Executive Officer or Chief Financial Officer or any other KMP of the Company, confirming that the RPT(s) to be entered into are not prejudicial to the interest of public shareholders of the Company and the terms and conditions of the proposed RPT(s) are not unfavourable to the Company, compared to terms and conditions, had similar transaction(s) been entered into with an unrelated party. This certificate shall be placed before the Committee in terms of the Industry Standards.
- b) The Company may obtain omnibus approval from the Audit Committee for all Related Party Transactions subject to the following conditions:
- c) The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval shall include the following:
  - i. Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
  - ii. The maximum value per transaction which can be allowed;
  - iii. extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
  - iv. review, at such intervals as the Audit Committee may deem fit, Related Party Transaction entered into by the Company pursuant to each omnibus approval made;
  - v. transactions which cannot be subject to the omnibus approval by the Audit Committee.
- d) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
  - vi. repetitiveness of the transactions (in past or in future);
  - vii. justification for the need of omnibus approval.

- e) The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;
- f) The omnibus approval shall provide details of
- i. the name/s of the related party and its relationship with the Company or its subsidiary, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into during the year;
  - ii. basis of arriving at the indicative base price / current contracted price and the formula for variation in the price if any,
  - iii. minimum information about the RPTs as per the provisions of the Industry Standards and
  - iv. such other conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transactions 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.

- g) The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of Related Party Transactions entered into by the Company pursuant to the omnibus approval given;
- h) Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after expiry of one year.
- i) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- j) Omnibus approval can be granted by the audit committee for related party transactions of the Company as well as of its subsidiaries.
- k) Any other conditions as the Audit Committee may deem fit.
4. All Related Party Transactions which are not in the ordinary course of business or not at the arm's length price shall require prior approval of the Board of Directors of the Company.
5. A Member of the Audit Committee who has an interest in any Related Party Transaction will not remain present at the meeting when such Related Party Transaction is considered.

#### 4. DISCLOSURES

- a) 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.

- b) The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, Companies Act, 2013 as well as additional information specified by SEBI from time to time, for review of the Audit Committee while seeking prior approval of the RPTs.
- c) The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, Companies Act, 2013 as well as additional information specified by SEBI from time to time, in the Statement to the notice being sent to shareholders seeking their approval for proposed RPTs as applicable.
- d) The Company shall provide disclosure of the Related Party Transactions to stock exchanges where the Company's securities are listed, in the format as specified by the SEBI/stock exchanges from time to time and within statutory timelines. The Company shall simultaneously upload the disclosure at its website.

#### 5. RPTS'S NOT APPROVED AS PER THIS POLICY:

The members of the Audit Committee, who are independent directors, may ratify the related party transactions within 3 months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier. Ratification is subject to certain conditions as specified in the Listing Regulations.

The failure to seek ratification of the audit committee shall render related party transactions voidable at the option of the audit committee and if the transaction is with a related party to any director or is authorized by any director, the director(s) concerned shall indemnify the Company against any losses incurred.

#### 6. POLICY REVIEW:

The Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in the Regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors. Provided that this Policy shall be reviewed by the Board at least once every three years and updated accordingly.

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