

MANAKSIA LIMITED

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

The Board of Directors (the “Board”) of Manaksia Limited (the “Company”) had originally adopted this Policy on Related Party Transactions (“the Policy”), as required in terms of Clause 49 of the erstwhile Equity Listing Agreement in its meeting held on 14th February, 2015. However, pursuant to the enactment of Section 14 of the Companies (Amendment) Act, 2015, the SEBI LODR (defined here-in-below) and in light of its impact on the compliance and disclosures pertaining to Related Party Transactions, this Policy was amended by the Board of Directors of the Company at its meeting held on 11th February, 2016.

The Board or the Audit Committee of the Board (“Audit Committee”), subject to confirmation by Board, may review and amend this policy from time to time.

EFFECTIVE DATE

This Policy shall become effective from the date of its adoption by the Board.

SCOPE AND PURPOSE

The Companies Act, 2013, the Rules framed thereunder as well as Regulation 23 of SEBI LODR, contain detailed provisions on Related Party Transactions.

This Policy on Transactions with Related Parties (Policy) has been framed as per the requirements of Regulation 23 of SEBI LODR (defined here-in-below) and is intended to ensure proper approval and reporting of the concerned transactions between the Company and its Related Parties.

The Board recognizes that certain transactions present a heightened risk of conflicts of interest or the perception thereof. Therefore the Board has adopted this Policy to ensure that all Related Party Transactions with Related Parties shall be subject to this policy and approval or ratification in accordance with Applicable Law. This Policy contains the policies and procedures governing the review, determination of materiality, approval and reporting of such Related Party Transactions.

CLARIFICATIONS, AMENDMENTS AND UPDATES

This Policy shall be implemented as per the provisions of the Applicable Law. Any amendments in the Applicable Law, including any clarification/ circulars of relevant

regulator, shall be read into this Policy such that the Policy shall automatically reflect the contemporaneous Applicable Law at the time of its implementation.

Likewise, reference in this Policy to accounting standards shall be deemed to refer to the contemporaneous accounting standards as applicable to the Company at the relevant time.

All words and expressions used herein, unless defined herein, shall have the same meaning as respectively assigned to them, in the Applicable Law under reference, that is to say, the Companies Act, 2013 and Rules framed thereunder, or SEBI LODR, as amended, from time to time.

DEFINITIONS

1. "Act" or the "Act, 2013" means the Companies Act, 2013;
2. "Applicable Law" means the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") and includes any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.
3. "Associate Company" means as defined under the Companies Act, 2013 and SEBI LODR.
3. "Audit Committee" means the Committee of the Board of Directors of the Company constituted under the provisions of section 177 of the Act, 2013 read with Regulation 18 of the SEBI LODR.
4. "Compliance Officer" means the Company Secretary of the Company or such Compliance Officer identified by the Board for the purpose of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
5. "Company" means Manaksia Limited.
6. "Key Managerial Personnel" means
 - (I) the Chief Executive Officer or the Managing Director or the Manager;
 - (II) the Company Secretary;
 - (III) the Whole-time Director;
 - (IV) the Chief Financial Officer;
 - (v) 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.

7. "Material Related Party Transactions under SEBI LODR" means
 - a. any transaction to be entered into with a Related Party (other than a Wholly Owned Subsidiary), value whereof individually or taken together with previous Related Party Transaction during a financial year, exceeds ten percent 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 laid down from time to time by Applicable Law;
 - b. a transaction involving payments made to a Related Party with respect to brand usage or royalty if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeding two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company;
8. "Material Related Party Transaction under Act, 2013" means transactions by the Company with Related Parties defined under Section 2(76) of the Act, 2013 of following nature, that are either not in the ordinary course of business or not on an arm's length basis:
 - a. sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of the turnover of the Company or Rs. 100 crore, whichever is lower;
 - b. selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agent, amounting to 10% or more of the net worth of the Company or Rs. 100 crore, whichever is lower;
 - c. leasing of property of any kind amounting to 10% or more of the net worth of the Company or 10% or more of the turnover of the Company or Rs. 100 crore, whichever is lower;
 - d. availing or rendering of any services directly or through appointment of agent, amounting to 10% or more of the turnover of the company or Rs. 50 crore, whichever is lower;
 - e. such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding Rs. 2,50,000; and
 - f. remuneration for underwriting the subscription of any securities or derivatives thereof, of the company 1% of the net worth;
9. "Relative(s)" shall have the same meaning as assigned to it under Section 2 (77) of the Companies Act, 2013 and the Rules made thereunder and Regulation 2 (1) (zd) of SEBI LODR.

10. "Related Party" means such related party as defined under section 2 (76) of the Companies Act, 2013 and SEBI LODR

A. Companies Act, 2013

The term "related party" has been defined under Section 2(76) of the Companies Act, 2013 as follows-

Related Party with reference to a company means -

- (i) a director or his relative;
 - (ii) a key managerial personnel or his relative;
 - (iii) a firm, in which a director, manager or his relative is a partner;
 - (iv) a private company in which a director or manager or his relative is a member or director;
 - (v) a public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital;
 - (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
 - (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:
- Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) any company which is —
 - (A) a holding, subsidiary or an associate company of such company; or
 - (B) a subsidiary of a holding company to which it is also a subsidiary;
 - (ix) such other person as may be prescribed;

Rule 3 of the Companies (Specification of Definitions Details) Rules, 2014, provides that a director (excluding independent directors) or key managerial personnel of the holding company or his relative with reference to a company shall also be deemed to be a related party.

B. SEBI LODR

In terms of definition under Regulation 2 (1) (zb) of SEBI LODR, related party means a related party as defined under sub- section 76 of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

C. Applicable Accounting Standard:

Para 10.1 of AS 18, defines a related party as follows -

Parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/ or operating decisions.

Para 3 of AS -18 provides that the Standard deals only with related party relationships described in (a) to (e) below:

a) enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries);

b) associates and joint ventures of the reporting enterprise and the investing party or venturer in respect of which the reporting enterprise is an associate or a joint venture;

c) individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual;

d) key management personnel and relatives of such personnel; and

e) enterprises over which any person described in (c) or (d) is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

In terms of AS 18, the following are deemed not to be related parties:

a) two companies simply because they have a director in common, notwithstanding paragraph 3(d) or (e) above (unless the director is able to affect the policies of both companies in their mutual dealings);

b) a single customer, supplier, franchiser, distributor, or general agent with whom an enterprise transacts a significant volume of business merely by virtue of the resulting economic dependence; and

c) the parties listed below, in the course of their normal dealings with an enterprise by virtue only of those dealings (although they may circumscribe the freedom of action of the enterprise or participate in its decision-making process):

- (i) providers of finance;
- (ii) trade unions;
- (iii) public utilities;
- (iv) government departments and government agencies including government sponsored bodies.

In view of the above definition, AS 18 further defines the terms 'control' and 'significant influence' as follows -

Control -

- a) ownership, directly or indirectly, of more than one half of the voting power of an enterprise, or
- b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise, or
- c) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/ or operating policies of the enterprise.

Significant Influence -

Participation in the financial and/ or operating policy decisions of an enterprise, but not control of those policies.

11. "Related Party Transaction" means any transaction with a Related Party involving a transfer of resources, services or obligations, regardless of whether a price is charged, and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract and shall include the following:

- (I) purchases or sales of goods (finished or unfinished);
- (II) purchases or sales of property and other assets;
- (III) rendering or receiving of services;
- (IV) leasing of property of any kind or hire purchase arrangements;
- (V) transfers of research and development;
- (VI) transfers under license agreements;
- (VII) transfers under finance arrangements (including loans and equity contributions in cash or in kind);
- (VIII) provision of guarantees or collateral;
- (IX) agency arrangements, management contacts including for deputation of employees; and
- (X) settlement of liabilities on behalf of the entity or by the entity on behalf of another party.

Notwithstanding the foregoing, the following shall not be deemed Related Party Transactions for the purpose of this Policy:

- (I) Any transaction that involves providing of compensation to a director or Key Managerial Personnel at the time of his/ her appointment, in accordance with the provisions of Companies Act, 2013, in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- (II) Reimbursement of expenses incurred by a Related Party for business purpose of the Company.
- (III) Reimbursement of pre-incorporation expenses incurred by a Related Party as approved by the Board of Directors.

Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party, or other pro rata interest of a Related Party included in a transaction involving generic interest of stakeholders involving one or more Related Parties as well as other parties.

- (IV) Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder, and does not require approval in advance by the Audit Committee.

All terms not defined herein shall take their meaning from the Applicable Laws.

POLICY STATEMENT

A. Hierarchy of approval in relation with Related Party Transaction

1. Subject to the following provisions, all the Related Party Transactions proposed to be entered into by the Company unless it is exempted under Regulation 23 of the SEBI (LODR) Regulations, 2015 shall require the prior approval of the Audit Committee, including those transactions proposed to be entered in the ordinary course of its business. Further, the Audit Committee at its discretion may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to conditions prescribed under Rule 6A of Companies (Meetings of the Board and its Powers) Rules, 2014 read with Regulation 23 of the SEBI LODR.

2. All the contracts/ arrangements prescribed under Section 188(1) of the Companies Act, 2013 and within the threshold limits prescribed under Rule 15(3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014, which are not in the ordinary course of business of the Company or on an arm's length basis shall, along with in addition to the prior approval of the Audit Committee, also require prior approval of the Board of Directors of the Company.
3. All the Material Related Party Transactions or transactions exceeding the threshold limits whether or not in the ordinary course of business of the Company or on an arm's length basis as prescribed under –
 - a. Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, shall require prior approval of the Audit Committee, the Board and the shareholders of the Company by way of an Ordinary Resolution and the related parties interested in such transaction shall not vote to approve such resolution.
 - b. Regulation 23 of the SEBI LODR, shall require prior approval of the Audit Committee, the Board and the shareholders of the Company by way of an Ordinary Resolution and the related parties shall not vote to approve such resolution, irrespective of whether the entity is a related party to such transaction or not.

Further, the aforementioned conditions shall not apply if the transaction is entered into with wholly owned subsidiaries whose accounts are consolidated with the Company except the transactions covered under Section 188 for which prior approval of the Board of Directors shall be required.

4. However, it is clarified that all such Related Party Transactions, as are specified, and exceeding the threshold limits prescribed under Rule 15(3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014, which are in the ordinary course of business and on an arm's length basis, will only require the prior approval of the Audit Committee, provided that such Related Party Transactions do not exceed the materiality threshold as provided under Regulation 23 of the SEBI LODR or such Related Party Transaction has not been entered with the wholly owned subsidiary of the Company whose accounts are consolidated with the Company.

B. Identification of Related Parties and Related Party Transactions

- i. The Compliance Officer shall at all times:
 - a. identify and keep on record Company's Related Parties, along with their personal/ company details and compile a list thereof in accordance with SEBI LODR and the Act based on such identification as well as the

disclosures provided by the Directors and Key Managerial Personnel, the details provided by the CFO or any other person responsible for Accounts & Finance function of the Company and any other information available with the Company.

- b. identify such managers, departmental heads and such other employees (Designated Employees) who are responsible for entering into contracts/ arrangements/ agreements with entities for and on behalf of the Company and circulate the list of Related Parties to all such Designated Employees of the Company along with the approval thresholds for entering into transactions with such listed Related Parties.
 - c. set down the mechanism for reporting of such transactions proposed to be entered or entered with related parties by such Designated Employees as specified in (b) above.
 - d. update the record of Related Parties whenever necessary and shall be reviewed at least once a year, as on 1st April every year.
 - e. place before the Audit Committee [semi-annually] the record of Related Parties and the Designated Employees identified for reporting the Related Party Transactions.
 - f. disclose the Related Party Transactions as defined above, on a consolidated basis, to the stock exchange in specified formats and place the same on the website of the Company.
 - g. ensure that Senior Management Personnel discloses to the Audit Committee relating to all material, financial and commercial transactions with Related Parties, where they have personal interest that may have a potential conflict with the interest of the listed entity at large.
- ii. With regard to Immaterial Transactions (defined below), internal systems may be created to ensure that the Designated Employees approving the transactions are not related to the contracting parties and alternative approving authorities are put in place. The internal systems shall be placed before the Audit Committee and shall be circulated amongst all Designated Employees for effective monitoring of all Related Party transactions whether Immaterial Transactions or otherwise.
 - iii. Each Director and Key Managerial Personnel is responsible for disclosing (and periodically updating) particulars of his/her relatives and his/her interest in any other entity either as Director and/or Member and/or Partner etc. Additionally, the Director and Key Managerial Personnel shall from time to time provide notice to the Board of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request.
 - iv. The Chief Financial Officer or any person responsible for Accounts & Finance function of the Company shall be responsible for identifying related

party(ies) as per applicable Accounting Standards and reporting details of such related party(ies) to the Company Secretary.

- v. All functional team members responsible for entering into any contracts / arrangements on behalf of the Company shall prepare and route a fact sheet detailing brief particulars of contract and the contracting party (including names of Directors and major shareholder of such party) either to the Chief Financial Officer or the Compliance Officer. The Chief Financial Officer or the Compliance Officer, shall review the fact sheet to determine whether the contracting party is a related party and if so whether the proposed transaction is within the approved limit and accord their clearance or otherwise to the proposed contracts/ arrangements.
- vi. The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance from the respective functional teams so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction and consider approvals.

C. Procedures for review and approval of Related Party Transactions by the Audit Committee

- (a) Except otherwise provided hereunder, all Related Party Transactions or changes therein must be referred for prior approval by the Audit Committee in accordance with this Policy unless the approval is exempted pursuant to the provisions of applicable law. In cases where prior approval is not obtained, the Audit Committee may ratify such transactions, or may put forth the transactions before the Board along with its recommendations and the Board may either ratify such transactions or seek to avoid the same.
- (b) Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.
- (c) To facilitate review of each Related Party Transaction for granting approval (whether specific or omnibus), the Audit Committee will be provided with all relevant information of the Related Party Transaction, including the purpose, terms and details of the transaction, the benefits, rights and obligations of the Company and the Related Party, and any other relevant information.
- (d) The Audit Committee will consider the following factors, among others, to the extent relevant to the appropriate Related Party Transaction:
 - i. Whether the terms of the Related Party Transaction are fair and on arms-length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party?

- ii. Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any?
 - iii. Whether the Related Party Transaction would affect the independence of any Independent Director?
 - iv. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of, or in connection, with the proposed transaction?
 - v. Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company?
 - vi. What is the purpose of, and the potential benefits to the Company from the Related Party Transaction?
 - vii. What is the approximate amount of the Related Party's interest in the transaction without regard to the amount of any profit or loss? and
 - viii. Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the benefits arising therefrom to the Company or Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deem relevant?
- (e) Where Related Party transactions have been entered into prior to such transactions being placed before the Committee reasoned explanation for the same must be received from the contracting employees to the satisfaction of the Audit Committee.
- (f) Related Party Transactions that are not in ordinary course of business but on arm's length basis may be approved by Audit Committee. Where such transactions fall under Section 188 (1), the Audit Committee shall recommend the transaction for approval of the Board.
- (g) Related Party Transactions that are not on arm's length basis, irrespective whether the transactions are covered under Section 188 or not, shall not be approved by Audit Committee and shall be recommended to the Board for appropriate action.

- (h) The Audit Committee shall mandatorily review on quarterly basis the statement of related party transactions entered by the Company during the quarter.
- (i) The Audit Committee will undertake an evaluation of the Related Party Transaction. If that evaluation indicates that the Related Party Transaction would require the approval of the Board, or if the Board in any case elects to review any such matter, the Audit Committee will report the Related Party Transaction, together with a summary of material facts, to the Board for its approval.
- (j) If the Related Party Transaction needs to be approved at a general meeting of the shareholders by way of a resolution pursuant to Applicable Law or as mentioned in Point 3 (a) & (b) above, the Board shall ensure that the same be put up for approval by the shareholders of the Company.
- (k) If prior approval of the Audit Committee/ Board /general meeting for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee and the Board/ general meeting, if required, within 3 months of entering in the Related Party Transaction.
- (l) In any case where either the Audit Committee/ Board / a general meeting determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee or Board or the general meeting, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee/ Board has authority to modify or waive any procedural requirements of this Policy.
- (m) In determining whether to approve or ratify a Related Party Transaction, the Audit Committee/ Board will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favourable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Person's interest in the transaction.
- (n) No director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the director/ Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee/ Board.
- (o) If a Related Party Transaction will be ongoing, the Board/ Audit Committee may establish guidelines for the Company's management to follow in its ongoing

dealings with the Related Party. Thereafter, the Board, on at least an annual basis, shall review and assess on-going relationships with the Related Party to ensure that they are in compliance with the Act and rules made thereunder, SEBI LODR and this Policy and that the Related Party Transaction remains appropriate.

D. Omnibus Approval by the Audit Committee

- a. For the ease of carrying out transactions/ contracts/ arrangements, the Audit Committee may grant omnibus approvals to the following transactions, subject to Clause C above, at the last meeting held in every preceding financial year and such approvals shall be valid till the conclusion of the immediately following financial year only.
- b. Where the need/ purpose of the transactions to be entered into with Related Parties cannot be foreseen and details related to name of the party, nature of transaction, maximum amount of transaction, indicative base price / current contracted price and the formula for variation in the price and such other parameters as may be laid down by the Audit Committee, are not available at the time of taking such approval, the omnibus approval for such transactions shall be granted subject to their value not exceeding Rs.1 crore per transaction **(Immaterial Transactions)**.
- c. Transactions above value of Rs. 1 crore per transaction and not included in sub-clause (b) above, may be granted omnibus approval by Audit Committee subject to criteria specified hereunder.
- d. Omnibus approvals shall be granted based on the following:
 - i. Frequency of the transactions in the last 3 (Three) years;
 - ii. Volumes of transactions undertaken with such Related Party. The maximum value of the transactions, per transaction or in aggregate, per related party, shall not exceed the lower of the following –
 - the threshold limit as provided under Para 7 of the Policy i.e. for Material Related Party Transactions under LODR; or
 - the threshold limit as provided under Para 8 of the Policy i.e. for Material Related Party Transactions under the Act, 2013.
 - iii. Disclosure of the following matters to the Audit Committee at the time of seeking omnibus approval in a manner so as to enable effective decision making:

- I. Projected growth rate in the business with the Related Party in the financial year for which omnibus approval is sought.
 - II. Contractual terms offered by third parties for similar transactions
 - III. Adherence to any conditions on the contractual terms with such Related Parties for instance floor and cap on the pricing, credit terms, escalation in costs, quality checks etc.
- iv. Such omnibus approval shall specify the following:
- a. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
 - b. the indicative base price or current contracted price and the formula for variation in the price, if any;
 - c. the maximum transaction values and/ or the maximum period for which the omnibus approval shall be valid; and
 - d. such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and the aforesaid details are not available, the Audit Committee may grant omnibus approval for Immaterial Transactions as defined above.

- v. Where the Audit Committee is not convinced on the need for granting omnibus approvals, the Audit Committee may reject the proposal placed before it with reasonable explanation for the same.
- vi. Notwithstanding the generality of foregoing, Audit Committee shall not grant omnibus approval for following transactions:
- a. Transactions which are not in ordinary course of business or not on arm's length basis;
 - b. Transactions in respect of selling or disposing of the undertaking of the Company;
 - c. Transactions which are not in the interest of the Company;

d. Such other transactions specified under Applicable Law from time to time.

(n) Where the Audit Committee has granted omnibus approval for certain transactions, the transactions will be put for review before the Audit Committee quarterly in every financial year.

(o) Exceptions allowed under Applicable Laws to Related Party Transactions shall be exempted from the scope of this policy unless the Audit Committee decides otherwise.

E. Review and approval of Related Party Transactions by the Board of Directors

a) If the Audit Committee determines that a Related Party Transaction should be brought before the Board, whether in view of internal pre-determined threshold or otherwise or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

b) Transactions covered under Section 188 of Act, 2013 that are proposed to be undertaken not in ordinary course of business or not on an arm's length basis, shall require prior approval of Board. Where prior approval is not obtained, the same shall be ratified within 3 months from the date on which such contract or arrangement was entered into.

c) The Directors interested shall abstain from participation in the discussion and shall not be present during discussion.

d) The approval of the Board of Directors will be subject to following thresholds, except in case of transactions with wholly owned subsidiaries:

i. In case of transactions covered under Section 188, not exceeding the thresholds specified under Para 8 of the Policy unless the transaction is taken for prior approval of shareholders;

ii. In case of all related party transactions, not exceeding the threshold specified under Para 7 of the Policy unless the transaction is taken for approval of shareholders.

- e) If the Related Party Transaction needs to be approved at a general meeting of the shareholders by way of a resolution, the Board shall ensure that the same be put up for approval by the shareholders of the Company.

F. Approval of Material Related Party Transactions under the SEBI LODR and the Act, 2013 by Shareholders

- a) Material Related Party Transactions under the Act shall require prior approval of shareholders through ordinary resolution and all the entities falling under the definition of related parties, irrespective of whether the entity is a party to the particular transaction or not, shall abstain from voting in favour on the relevant transaction.
- b) The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 of Act, 2013 shall contain the following particulars, namely:-
 - i. name of the related party;
 - ii. name of the director or key managerial personnel who is related, if any;
 - iii. nature of relationship;
 - iv. nature, material terms, monetary value and particulars of the contract arrangements;
 - v. any other information relevant or important for the members to take a decision on the proposed resolution.
- c) Where obtaining of prior approval is not possible, the transactions shall be subject to ratification within three months from the date on which such contract or arrangement was entered into.
- d) All Material Related Party Transactions under SEBI LODR shall require approval of the shareholders through ordinary resolution and all the entities falling under the definition of related parties, irrespective of whether the entity is a party to the particular transaction or not, shall not vote to approve the relevant transaction.

G. Standards for Review

- a. A Related Party Transaction reviewed under this Policy will be considered, approved or ratified if it is authorized by the Audit Committee/ Board, as

applicable, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction.

- b. The Audit Committee / Board will review all relevant information available to it about the Related Party Transaction. The Audit Committee / Board, as applicable, may approve / ratify / recommend to the shareholders, the Related Party Transaction only if the Audit Committee / Board, as applicable, determines in good faith that, under all of the circumstances, the transaction is fair as to the Company. The Audit Committee / Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction.

H. Related Party Transactions not approved under this Policy

- a) If prior approval of the Audit Committee / Board / general meeting for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee and the Board / general meeting, if required, within 3 months of entering in the Related Party Transaction.
- b) In any case where either the Audit Committee /Board / a general meeting determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee or Board or the general meeting, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee / Board has authority to modify or waive any procedural requirements of this Policy.
- c) In cases where a transaction is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.
- d) In determining whether to approve or ratify a Related Party Transaction, the Audit Committee / Board will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favourable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Person's interest in the transaction.

- e) No director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the director / Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee / Board.
- f) If a Related Party Transaction will be ongoing, the Board / Audit Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Board, on at least an annual basis, shall review and assess on-going relationships with the Related Party to ensure that they are in compliance with the Act and rules made thereunder, SEBI LODR and this Policy and that the Related Party Transaction remains appropriate.
- g) Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

I. Determination of Ordinary Course of Business

- a) A transaction shall be deemed to be "in the Ordinary Course of Business" of the Company, if:

- I. Any of the following conditions are met:

- i. The transaction, including, but not limited to sale or purchase of goods or property, or acquiring or providing of services, conveying or accepting leases, transfer of any resources, hiring of any executives or other staff, providing or availing of any guarantees or collaterals, or receiving or providing any financial assistance, or issue, transfer, acquisition of any securities, is in the normal routine of the Company's business; or
- ii. The transaction is in the nature of reimbursements, received or provided, from or to any related party, whether with or without any mark-up towards overheads, and is considered to be congenial for collective procurement or use of any facilities, resources, assets or services and subsequent allocation of the costs or revenues thereof to such related party in an appropriate manner;

AND

- II. The transaction is not-

- i. an exceptional or extra ordinary activity as per applicable accounting standards or financial reporting requirements;

- ii. Any sale or disposal or any undertaking of the Company, as defined in explanation (i) to clause (a) of sub-section (1) of section 180 of Companies Act, 2013.
- b) In order to decide whether or not a contract or arrangement is being entered by the Company is in its ordinary course, the Company shall consider whether such contract/ arrangement is germane to attainment of the main objects as set out in its Memorandum of Association.
- c) The Company may also consider whether the transaction contemplated under the proposed contract or arrangement is either similar to contracts or arrangements which have been undertaken in the past, or, in the event that such transaction is being undertaken for the first time, whether the Company intends to carry out similar transactions in the future.

These are not exhaustive criteria and the Audit Committee may assess transactions, considering its specific nature and circumstances.

J. Criteria for determination of Arms' length nature of the Related Party Transaction

- a) The following illustrative tests may be used by the Audit Committee for ascertaining arm's length nature of contracts / arrangements that may be entered into by the Company with related parties, or any modification, variation, extension or termination thereof: -
- b) The contracts/ arrangements are entered into with Related Parties, are at such prices/ discounts/ premiums and on such terms which are offered to unrelated parties of similar category/ profile.
- c) The contracts/ arrangements have been commercially negotiated.
- d) The pricing is arrived at as per the rule/guidelines that may be issued by or acceptable for the purpose of Ministry of Corporate Affairs, Government of India/ Income Tax Act, 1961, Securities and Exchange Board of India as applicable to any of the contract/ arrangements contemplated under the Companies Act, 2013, Rules framed thereunder or SEBI LODR.
- e) The terms of contract/arrangement other than pricing are generally on a basis similar to those as may be applicable for similar category of goods and services or similar category/ profile of counterparties.
- f) Such other criteria as may be issued under Applicable Law.

- g) Further, in order to determine the optimum arm's length price, the Corporation may also apply the most appropriate method from any of the following methods as prescribed under Section 92C(1) of the Income Tax Act, 1961 read with Rule 10B of the Income Tax Rules, 1962 –
- i. Comparable Uncontrolled Price method (CUP method)
 - ii. Resale Price Method
 - iii. Cost Plus Method
 - iv. Profit Split Method
 - v. Transactional Net Margin Method
 - vi. Other Method as prescribed by the Central Board of Direct Taxes.

The Audit Committee shall be entitled to rely on professional opinion or representation from the counter party in this regard.

K. Disclosures

- a) The Company is required to disclose Related Party Transactions covered under Section 188 of the Companies Act, 2013 in the Company's Board's Report to shareholders of the Company at the Annual General Meeting as follows:
- a. All Material Related Party Transactions under the Act as defined in Para 8 of the Policy; and
 - b. All Related Party Transactions not entered into at arm's length basis
- b) Details of all Material Related Party Transactions under SEBI LODR shall be disclosed quarterly along with the Company's Compliance Report on Corporate Governance, in accordance with the SEBI LODR.
- c) Annual affirmations shall be provided in the format prescribed under SEBI LODR to be submitted by the listed entity at the end of financial year (for the whole of financial year).
- d) The Company shall disclose this Policy on its website and also provide web link to the same in the Annual Report of the Company.
- e) The Company shall disclose the necessary details in the Annual Report as Para A of Schedule V of the SEBI LODR.

- f) The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.
- g) The Company shall keep one or more registers as specified under Applicable Law giving the particulars of all contracts or arrangements with any Related Party.

L. Policy Review

This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the SEBI LODR or as may be otherwise prescribed by the Audit Committee/ Board from time to time. The Policy shall be mandatorily reviewed by the Board of Directors at least once every three years.