



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

**OF**

**MANAKSIA COATED METALS & INDUSTRIES LIMITED**

**1. INTRODUCTION**

The Board of Directors of MANAKSIA COATED METALS & INDUSTRIES LIMITED (hereinafter referred to as “MCMIL” or “The Company”) recognizes that Related Party Transactions (as defined below) may have potential or actual conflicts of interest and may raise questions whether such transactions are consistent with the Company and its shareholders’ best interests and are in compliance to the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (hereinafter referred to as the “Listing Regulations”) and any other applicable Law(s), for the time being in force and is required to formulate a policy on materiality of related party transactions and dealing with related party transactions. The Board of Directors of the Company has formulated and adopted a Policy in terms of the aforesaid provisions. This Policy on Related Party Transactions and Materiality of Related Party Transactions (“the Policy”), was formulated by the Board of Directors in terms of Clause 49 of the erstwhile Equity Listing Agreement at its meeting held on 30<sup>th</sup> May, 2015. However, pursuant to enactment of the Regulation 23(1) of the Listing Regulations, 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 10<sup>th</sup> February, 2016. The Policy is further amended by the Board of Directors of the Company at its meeting held on 13<sup>th</sup> February, 2019 to align the same with the amendments made by Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

This Policy is framed as per the requirements of the applicable laws and shall operate within the boundaries set by the Laws.

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

**2. SCOPE AND PURPOSE OF THE POLICY**

The objectives of this Policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company in this regard and to ensure proper approval and reporting of 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.

### **3. 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 Listing Regulations , as amended, from time to time.

### **4. DEFINITIONS**

- 4.1 **“Act”** means the Companies Act, 2013, together with the Rules notified thereunder including any statutory modifications or re-enactments thereof for the time being in force (hereunder referred to as “Act”).
- 4.2 **“Accounting Standards”** means the standards of accounting or any addendum thereto for companies or class of companies referred to in Section 133 of the Act.
- 4.3 **“Associate Company”** in relation to another company, means a company in which 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. It shall also include an entity which is an associate as per the applicable accounting standards.
- 4.4 **“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.
- 4.5 **“Audit Committee”** means the Committee of the Board of Directors of the Company constituted under the applicable laws.
- 4.6 **“Board”** means Board of Directors of the Company.
- 4.7 **“Body Corporate”** means an entity as defined in Section 2(11) of the Act.
- 4.8 **“Company”** means MANAKSIA COATED METALS & INDUSTRIES LIMITED.
- 4.9 **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and Companies Act, 2013.

4.10 **“Director”** means any Director of the Company appointed as per the provisions of Act.

4.11 **“Employees”** shall mean the employees and office-bearers of the Company, including but not limited to Whole Time Directors.

4.12 **“Joint Venture”** means a contractual arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

4.13 **“Key Managerial Personnel”** shall mean the officers of the Company as defined in Section 2(51) of the Act and rules prescribed thereunder.

4.14 **“Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any subsequent amendments thereof.

4.15 **“Material Related Party Transactions”** means Related Party Transactions defined under Regulation 23 of the Listing Regulations and the contracts or arrangements given under Section 188 of the Act and Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 requiring shareholder’s approval. Provided that in case of any amendment to the Act or Listing Regulations, definition of Material transactions will be deemed to be changed without any further approval of Board

4.16 **“Ordinary course of business”** means all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing/ giving of guarantees or collaterals or loans or any other financial assistance, in the normal routine in managing trade or business as and is not a standalone transaction.

4.17 **“Office or Place of Profit”** means any office or place:

- (i) 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 director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- (ii) 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.”

4.18 **“Policy”** means this Policy on Related Party Transactions.

4.19 **“Relative”** shall have the same meaning as assigned to it under Section 2(77) of the Act and the Rules made thereunder and the Listing Regulations.

4.20 **“Related Party”** means any person or entity who is:

- (i) a related party under Section 2(76) of the Act read with rules issued thereunder; or
- (ii) a related party under the applicable Accounting Standards;

- (iii) Any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of the shareholding in the listed entity shall be deemed to be a related party

4.21 **“Related Party Transaction”** (“RPT”) means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between the Company and a related party, regardless of whether or not a price is charged, and includes the following transactions, either single or a group of transactions in a contract:

- a. sale, purchases or supply of any goods or materials;
- b. selling or otherwise disposing of, or buying, property of any kind;
- c. leasing of property of any kind;
- d. availing or rendering of any services;
- e. appointment of any agent for purchases or sale of goods, materials, services or property;
- f. such related party’s appointment to any office or place of profit in the company, its subsidiary company or associate company;
- g. underwriting the subscription of any securities or derivatives thereof, of the company.

4.22 **“Subsidiary”** means a company as defined in Section 2(87) of the Act.

4.23 **“Significant Influence”** means control of at least 20% of the total voting power, or control of or participation in business decisions under an agreement.

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

## **5. EXCEPTIONS TO RELATED PARTY TRANSACTIONS**

5.1 Notwithstanding anything contained in the foregoing, the following shall not be deemed as Related Party Transactions for the purpose of this Policy:

- (i) Any transaction that involves providing of compensation to a Director or Key Managerial Personnel, in accordance with the provisions of Companies Act, 2013, in connection with his or her duties to the Company or any of its subsidiary companies or associate companies, including the reimbursement of reasonable business and/or 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 of the Company.
- (iv) 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.
- (v) Any transaction which is in the ordinary course of business and on an arms’ length basis as determined in terms of this Policy.

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

5.2 Any transaction with a Related Party can be undertaken only if it is in compliance with the law.

## **6. APPROVAL OF RELATED PARTY TRANSACTIONS**

All related party transactions proposed to be entered by the Company will be entered subject to the approvals as required under Section 188 of the Act and in compliance with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the Listing Regulations.

### **(a) AUDIT COMMITTEE APPROVAL**

All Related Party Transactions shall require prior approval of the Audit Committee of the Company whether at a Meeting of the Audit Committee or by Resolution by Circulation.

The aforesaid shall not apply to a transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

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

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- c. Such omnibus approval shall specify:
  - (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
  - (ii) the indicative base price / current contracted price and the formula for variation in the price if any and
  - (iii) such other conditions as the Audit Committee may deem fit;

If 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.

### **(b) APPROVAL OF BOARD OF DIRECTORS**

All the Related Party Transactions shall be approved by the Board of Directors of the Company, except :

- (i) transactions entered into by the company are in its ordinary course of business; and

(ii) transactions are at an arm's length basis.

**(c) APPROVAL OF SHAREHOLDERS**

All transactions with Related Parties exceeding the materiality thresholds, as stated below, shall require prior approval of the Shareholders:

- a) If the transaction/transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company;
- b) A transaction involving payments made with respect to brand usage or royalty, if the transaction/transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 2% (two percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company;
- c) All transactions specified under Section 188 of the Companies Act, 2013 which are not at arm's length or not in the ordinary course of business and exceed the thresholds laid down in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time.

The requirement of Shareholders' approval shall not be applicable for transactions entered into between the Company and its Wholly-owned Subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

No related party shall vote to approve the resolution whether the entity is a related party to the particular transaction or not. However, this requirement shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

**(d) RELATED PARTY CONTRACTS ENTERED WITHOUT PROPER APPROVAL OF BOARD / SHAREHOLDERS:**

Where any contract or arrangement is entered into by a Director or any other employee of the Company, without obtaining the consent of the Board or approval by a Resolution in the General Meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at the Meeting within 3 months from the date from 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 the related party to any Director or is authorised by any Director, the Director(s) concerned shall indemnify the Company against any loss incurred by it.

Without prejudice to the above, it shall be open to the Company to proceed against the Director or any other employee who had entered into such contract or arrangement for recovery of any loss sustained by it as a result of such contract or arrangement.

The Director or any other employee of the Company who had entered into or authorised the contract or arrangement in violation shall be punishable with imprisonment and fine as prescribed under Section 188 of the Companies Act, 2013.

## **7. REVIEW & MONITORING OF RELATED PARTY TRANSACTIONS**

The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given. However, such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

## **8. POLICY STATEMENT**

1. Subject to the following provisions, all the Related Party Transactions proposed to be entered into by the Company shall require the prior approval of the Audit Committee, including those transactions proposed to be entered in the ordinary course of its business.
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) 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 –

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 that no member of the company shall vote on such resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party .

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 all entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular 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) 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.

### ***A. Identification of Related Parties and Related Party Transactions***

Each Director and Key Managerial Personnel is responsible for providing notice to the Board/Audit Committee 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. The Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy. The Board/Audit Committee may delegate such powers to the officer(s) of the Company as it deems fit.

The Compliance Officer or Chief Financial Officer shall at all times:

- a. Identify and keep on record Company's Related Parties, along with their personal/ company details.
- b. The Compliance Officer or Chief Financial Officer shall 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. The Compliance Officer or Chief Financial Officer shall also 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. The record of Related Parties shall be updated whenever necessary and shall be reviewed at least once a year, as on 1st April every year.
- e. 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.
- f. 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.

**B. *Procedures for review and approval of Related Party Transactions***

- (a) Subject to the threshold limits specified below, all Related Party Transactions or changes therein must be referred for prior approval by the Audit Committee in accordance with this Policy.
- (b) The threshold limits for approvals will be as follows:
  - i. The transactions for which omnibus approval of the Audit Committee has already been sought will not require prior approval of the Audit Committee for each transaction entered into pursuant to the same.
  - ii. 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**). Further, such transactions shall be reported to the Audit Committee quarterly.

- iii. In case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it:
  - iv. All transactions with Related Parties for which no omnibus approval has been accorded as above, shall require prior approval of Audit Committee.
  - v. 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.
- (c) Related Party Transactions other than transactions referred to in section 188, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board.
  - (d) The Audit Committee shall mandatorily review on quarterly basis the statement of related party transactions entered by the Company during the quarter.
  - (e) 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.
  - (f) 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.
  - (g) 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.
  - (h) 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.

- (i) 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.
- (j) 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.
- (k) 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.
- (l) Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

### ***C. Omnibus Approval by the Audit Committee***

For the ease of carrying out transactions/ contracts/ arrangements, the Audit Committee may grant omnibus approvals to the following transactions, subject to Clause B above, at the last meeting held in every preceding financial year and such approvals shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.. This shall not be applicable to transactions for which omnibus approval of either the Board or shareholders has already been sought. 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 –
  - I. the threshold limits prescribed under Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, in case the Related Party Transactions falls under transactions specified under Section 188 (1) of Companies Act, 2013; or
  - II. 10% of annual consolidated turnover of the Company.

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.

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.

(m) 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.

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

#### **D. Standards for Review**

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. As appropriate for the circumstances, the Audit Committee or Board, as applicable, shall review and consider:

- (a) the Related Party's interest in the Related Party Transaction;
- (b) the approximate amount involved in the Related Party Transaction;
- (c) contractual terms for the Related Party transactions and whether the same are comparative with the market standards and whether beneficial to the company.
- (d) the approximate amount of the Related Party's interest in the transaction without regard to the amount of any profit or loss;
- (e) whether the Related Party Transaction was undertaken in the ordinary course of business of the Company;
- (f) whether the transaction with the Related Party is proposed to be, or was, entered on an arms' length basis;
- (g) the purpose of, and the potential benefits to the Company from the Related Party Transaction;
- (h) 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;
- (i) Whether the Related Party Transaction includes any potential reputational risk issues that may arise as a result of or in connection with the Related Party Transaction and
- (j) Whether the Related Party Transaction would impair the independence of an otherwise independent director or nominee for director;
- (k) 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 would be detrimental to the Company; and
- (l) Whether the Related Party Transaction would present an improper conflict of interest, as per provisions of law, for any director or Key Managerial Personnel, taking into account the size of the transaction, the overall financial position of the Related Party, the direct or indirect nature of the Related Party's interest in the transaction and the on-going nature of any proposed relationship and any other factors the Audit Committee/ Board deems relevant.
- (m) required public disclosure, if any; and
- (n) any other information regarding the Related Party Transaction or the Related Party in the context of the proposed transaction that would be material to the Audit Committee/ Board/ shareholders, as applicable, in light of the circumstances of the particular transaction.

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.

**E. *Determination of Ordinary Course of Business***

(i) A transaction shall be deemed to be “in the Ordinary Course of Business” of the Company, if:

A. Any of the following conditions are met:

- a. 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
- b. 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

B. The transaction is not

- a. an exceptional or extra ordinary activity as per applicable accounting standards or financial reporting requirements;
- b. Any sale or disposal of any undertaking of the Company, as defined in explanation (i) to clause (a) of sub-section (1) of section 180 of Companies Act, 2013.

(ii) 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.

(iii) 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.

#### ***F. Determination of Arms' length nature of the Related Party Transaction***

- (i) 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: -
  - a. The contracts/ arrangements 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.
  - b. The contracts/ arrangements have been commercially negotiated.
  - c. 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.
  - d. 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.
  - e. Such other criteria as may be issued under Applicable Law.
- (ii) Further, in order to determine the optimum arm's length price, the Company 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 –
  - a. Comparable Uncontrolled Price method (CUP method)
  - b. Resale Price Method
  - c. Cost Plus Method
  - d. Profit Split Method
  - e. Transactional Net Margin Method
  - f. Other Method as prescribed by the Central Board of Direct Taxes

#### **9. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:**

In the event the Company becomes aware of a Related Party Transaction(s) with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Committee shall consider all the relevant facts and circumstances regarding the Related Party Transactions, and shall evaluate all options available to the Company, including ratification by it or recommending the Board for their ratification or seeking approval of Shareholders, revision or termination of the Related Party Transactions.

The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transactions to the Committee under this Policy, and shall take any such action as it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction(s) that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the Related Party Transaction(s). The Committee shall have the authority to modify or waive any procedural requirements of this Policy.

**10. DISCLOSURES/AMENDMENT:**

- Related Party transactions shall be disclosed in the Directors' Report as prescribed under the Companies Act, 2013 and the Listing Regulations.
- Details of all material related party transactions shall be disclosed quarterly along with the compliance report on Corporate Governance.
- The Related Party Transactions Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.
- 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

**11. MISCELLANEOUS:**

The right to interpret/amend/modify this Policy vests in the Board of Directors of the Company as may be recommended by the Audit Committee. This Policy will be communicated to all Directors, KMPs, operational employees and other concerned persons of the Company. The policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly