Related Party Transaction Policy

I. Objective:

The objective 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.

II. Regulatory Framework:

The Companies Act, 2013 together with the Rules notified there under and Regulation 23 of the SEBI (LODR) Regulations, 2015 (together referred to as "the applicable laws"), provided a framework for regulating transactions with Related Parties.

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

III. Definition:

i. "The Act," means the Companies Act, 2013 together with the Rules notified there under including any statutory modifications or re-enactments thereof for the time being in force (hereinafter referred to as "Act").
ii. "Accounting Standards" means the standard of accounting or any addendum thereto for companies or class of companies referred to in Section 133 of the Act.
iii. "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.
iv. "Policy" means Policy on Related Party Transaction.
v. "Board" means Board of Directors of the Company.
vi. "Audit Committee" means Independent Committee of Board of Directors of the Company.

vii. "Key Managerial Personnel" or "KMP" means:

- The Chief Executive Officer (CEO) or the Managing Director or the Manager as defined under the Act;
- The Company Secretary;
- The Whole-time Director;
- The Chief Financial Officer (CFO);

- 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; and
- Such other officer as may be prescribed.

viii. "Relative" with reference to any person means one who is related to another in any of the following manner—

- If they are members of a Hindu Undivided Family
- If they are husband and wife
- Father (including step-father)
- Mother (including step-mother)
- Son (including step-son)
- Son's wife
- Daughter
- Daughter's husband
- Brother (including step-brother)
- Sister (including step-sister)

ix. "Related Party" is a person or an entity which is:

(a.) a related party under Section 2(76) of the Act;

(b.) a related party under the applicable Accounting Standards;

(c.) any person or entity belonging to the promoter or promoter group of the Company and holding 20% or more of shareholding in the Company.

x. "Related Party Transaction" means a transaction involving transfer or resources services or obligation between the Company and a Related Party, regardless of whether a price is charged and includes the following transactions:

(a) Sale, purchase or supply of any goods or material

(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 purchase or sale of goods, material services;

(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 subsidiary company or associate company.

Explanation: Related Party Transaction includes a single transaction or a group of transactions in a contract with a Related Party.

xi. "Regulations" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modifications or re-enactment thereof for the time being in force (hereinafter referred to as "SEBI LODR Regulations").

xii. "Material Related Party Transaction" means a transaction to be entered into with a Related Party, individually or taken together with previous transaction during a financial year, exceeding the following thresholds:

1. In case of transaction involving payment made with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its audited financial statements;

2. In case of any other transaction if the amount exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per its last audited financial statements.

xiii. "Unforeseen Related Party Transaction" means a transaction where the need for such transaction cannot be foreseen the details whereof necessary for seeking an omnibus approval of the Audit Committee are not available and the value of such transaction does not exceed Rupees one core per transaction.

xiv. "Arm is Length Transaction" means a transaction between two Related that is conducted as if they were unrelated, so that there is no conflict of interest.

xv. "Transactions in the ordinary course of business" mean transaction/activities that are connected to or necessary for the business of the company and satisfy the following principles:

a) The transaction/activity is permitted under the Memorandum and the Articles of Association of the Company.

b) The transaction/activity is carried on a frequent or regular basis or is as per the industry practice and

c)The terms of the transaction/activity are similar to those which be otherwise application to transaction with unrelated parties.

IV. Policy:

All Related Party Transaction must be reported to the Audit Committee and referred for approval of the Committee or the Board or the Shareholders as required under this Policy.

A. Identification of Related Party Transaction:

i. 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 reasonable request.

ii. The notice of any potential Related Party Transaction shall be given well in advance to the Board/Audit Committee and shall also contain adequate information about the related party transaction. This will provide the Board/Audit Committee members adequate time and information to consider and review the proposed transaction(s).

B. Prohibition related to Related Party Transaction

All Related Party Transaction shall require prior approval of the Board/Audit Committee. Further all Material Related Party Transaction shall require approval of the shareholders through a special resolution, and the Related parties shall abstain from voting on such resolutions.

C. Approval for Related Party Transactions:

The Company shall not enter into any Related Party Transaction except as stated hereinafter.

A. <u>Transaction requiring approval of Audit Committee</u>

- All Related Party Transaction shall require approval of the Audit Committee.
- A prior approval of the Audit Committee shall be required for all Related Party Transaction except for the following:

a) transaction 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 of the Company for approval ("WOS Transaction") Provide that any of the above Related Party Transaction which is not in the ordinary course of business or not at arm's length shall require a prior approval of the Audit Committee.

b) Unforeseen Related Party Transactionthe Audit Committee shall approve/ratify the transaction listed under points (a) and (b) above subsequently.

B. Transaction requiring approval of Board:

Following transaction shall require a prior approval of the Board:

i. Related Party Transaction which are not in the ordinary course of business or not at arm's length price and

ii. Material Related Party Transaction

C. Transaction requiring approval of Shareholders of the Company:

- All Material Related Party Transaction shall require approval of the Shareholders of the Company by way of a resolution passed at the general meeting of the Company and no related party shall vote to approve such resolution whether the entity is a party to the particular transaction or not.
- All Related Party Transaction which are not in the ordinary course of business or not at arm's length and which are in excess of the limits prescribed under the Act requiring the approval of shareholders shall require an approval of the Shareholders by way of a resolution passed at the general meeting of the Company; and in such cases, the Related Party/ (ies) to the transaction shall abstain from voting on such resolution.

D. Deemed Approval:

The transaction or arrangements which are specifically dealt under the separate provisions of the Law and executed under separate approval/ procedures from relevant committee shall be deemed to be approved for the purpose of this Policy. Such transactions are enumerated below:

a. Appointment and payment of remuneration including any variations thereto key Managerial Personnel pursuant to the Nomination and Remuneration committee approval;

b. Payment of remuneration, fees, commission, etc, to directors pursuant to approval of the Nomination and Remuneration Committee;

c. Payments made to /received from Directors or Key Managerial Personnel pursuant to share based incentive plans as approved by shareholders.

d. Any benefits, interest arising to Related Party solely from the ownership of Company shares at par with other holders, for examples, dividends, right issues, stock split or bonus shares approved by the Nomination and Remuneration Committee or any other Board composed committee.

e.Contribution with respect to Corporate Social Responsibility to eligible entity pursuant to approval of Board or the Corporate Social Responsibility Committee.

E. Approval & Review Mechanism:

- While seeking the approval of the Audit Committee, Board or the Shareholders, all information that is relevant and necessary to the Related Party Transaction and as prescribed under the Laws or by the Audit Committee or the Board, shall be duly provided to the Audit Committee, Board or Shareholders, as the case may be.
- The Audit Committee may grant omnibus approval for Related Party Transactions considering the repetitive nature of the transactions.
- The Audit Committee shall after being authorized by the Board of Directors specify the criteria for granting omnibus approval to the Related Party Transaction, proposed to be entered into by the Company in the manner and to the extent prescribed under the Laws. Such omnibus approvals shall be valid for 'one year' satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company.
- The omnibus approval granted by the Audit Committee shall include the following particulars:
  i. Name and Related Party
  ii. Nature and duration of the transaction;
  iii. Maximum amount of transaction that can be entered into;
  iv. The indicate base price or current contract price and the formula for variation in the price, if any; and
  v. Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.
- In case of Unforeseen Related Party Transaction the Audit Committee may grant an omnibus approval for such transactions provided that the value does not exceed Rs. 1 crore per transaction in a financial year.
- The Audit Committee shall not grant omnibus approval for transaction in respect of selling or disposing of the undertaking of the Company.
- All Material Related Party Transaction shall be reviewed and validated by the Statutory Auditors of the Company and a confirmation of the same shall be made to the Audit Committee, the Board of Directors and the Shareholders of the Company while seeking the necessary approvals.
- Any Director or Key Managerial Personnel who is interested in any Related Party Transaction shall not be present at the meeting of the Board or Audit Committee during discussion on the subject matter of the resolution relating to such transaction.
- The Audit Committee shall review on a quarterly basis the detail of all Related Party Transaction entered joint by the Company.
- On a quarterly basis, the management shall submit a report to the Audit Committee providing a comparison between the approvals granted and the actual transactions.

F. Disclosure:

Appropriate disclosure as required under the laws shall be made in its Annual Return Board's Report and at such places and to the Stock Exchanges on which equity shares of the Company are listed and such other authority as may be prescribed under the Laws.

V. General:

1. The Policy would be subject to revision/amendment in accordance with the Laws. The Audit Committee shall review the Policy at least once in three years for making suitable amendments for better implementation of the Policy.

2.The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

3. The Power to interpret and administer the Policy shall rest with the Chairman of the Audit Committee whose decision shall be final and binding. The Chairman is also empowered to make any supplementary rules/orders to ensure effective implementation of the Policy. These will, however be reported to or table before the Audit Committee from time to time to ensure the Committee's oversight these issues.

VINOD KUMAR DACHEPALLI

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