# POLICY ON MATERIALITY AND DEALING WITH RELATED PARTY

**[As per Companies Act 2013 & SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

## I. Objective

This policy aims to:

- Define the framework for identifying related parties and related party transactions (RPTs)
- Establish a process for approval and disclosure of material RPTs
- Ensure transparency, fairness, and compliance with legal requirements in all dealings with related parties

## II. Regulatory Framework

This Policy is in line with:

- **Section 188** of the Companies Act, 2013 and Rules made thereunder
- **Regulation 23** of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)
- Applicable Accounting Standards (Ind AS 24 – Related Party Disclosures)

## III. Definitions

- Related Party: An entity shall be considered as related to the Company if: (i) such entity is a related party as defined under Section 2(76) of the Companies Act, 2013; or (ii) such entity is a related party under the applicable accounting standard(s).
- Related Party Transaction (RPT): Transfer of resources, services, or obligations between a company and a related party, irrespective of whether a price is charged
- Material RPT: A transaction with a related party where the value (individually or aggregated in a FY) exceeds:
  - ₹1,000 crore or 10% of the annual consolidated turnover, whichever is lower (SEBI LODR threshold)
  - Any other threshold as may be prescribed by the Board

- Arm's Length Transaction: "Arm's length transaction" means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest as per the provisions of the Companies Act, 2013.

**IV. Identification of Related Parties and Transactions**

- The Company Secretary shall, in coordination with the CFO and internal auditors:
  - Identify Related Parties based on declarations from Directors and KMPs
  - Maintain an updated list of Related Parties
  - Track and compile transactions with Related Parties

**V. Approval Process**

1. Audit Committee Approval

- All RPTs must be approved by the Audit Committee before execution.
- Omnibus approval may be granted for repetitive RPTs subject to criteria defined by the Committee and SEBI regulations.
- Audit Committee shall review:
  - Nature, terms, and rationale of the transaction
  - Arm's length pricing and fairness
  - Materiality thresholds

2. Board Approval

- RPTs not in the ordinary course of business or not at arm's length shall require Board approval under Section 188.

3. Shareholder Approval

- Material RPTs must be approved by shareholders via ordinary resolution, with related parties abstaining from voting.
- RPTs exceeding thresholds under Section 188(1) also require shareholder approval, if not at arm's length or in ordinary course.

**VI. Disclosures**

- All RPTs and material RPTs shall be disclosed in:
  - Board's Report (Form AOC-2 under Companies Act)
  - Notes to financial statements
  - Stock exchanges under Regulation 23(9) (within 15 days of approval)
  - Company's website, where applicable

**VII. Review by Audit Committee**

The Audit Committee shall:

- Review a summary of RPTs at each meeting
- Monitor compliance with this policy and applicable laws
- Re-evaluate RPTs that become material due to subsequent changes

**VIII. Material Modifications**

Material modifications to approved RPTs (change in value, terms, counterparty, or commercial substance) must be approved by:

- Audit Committee
- Board and/or Shareholders, if materiality thresholds are crossed

**IX. Exemptions**

The following are generally not treated as RPTs:

- Transactions between the Company and its wholly owned subsidiaries (with no interest of related parties other than ownership)
- Managerial remuneration approved under Section 197
- Contributions to charitable trusts under CSR, subject to Board approval and disclosures

**X. Record Keeping**

- The Company Secretary shall maintain records of:
  - RPT registers

- Audit Committee and Board approvals
- Contracts, supporting documents, disclosures

**XI. Review and Amendment**

This policy shall be reviewed at least once every 3 years or upon any major regulatory update. Any changes must be approved by the Board of Directors upon recommendation of the Audit Committee.