

**SREI INFRASTRUCTURE FINANCE LIMITED**  
**RELATED PARTY TRANSACTIONS (RPTs) POLICY**

Reviewed by the Corporate Governance and Audit Committee at its Meeting held on 9th November, 2022

Recommended by the Core Strategic Committee at its meeting held on 9th November, 2022

Effective date: 9th November, 2022

Version SIFL: 01-2022

Earlier version dated 14.02.2020

## **I. Preamble**

The Related Party Transactions Policy provides a framework to regulate transactions between Srei Infrastructure Finance Limited (“SIFL” or the “Company”) and its Related Parties based on the laws and regulations applicable on the Company.

This policy on Related Party Transactions is framed considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 read with the Rules framed there under and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, (“SEBI Listing Regulations”).

Regulation 23(1) of the SEBI Listing Regulations require a company to formulate a policy on materiality of Related Party Transactions and dealing with RPTs. Regulation 23(2) of the SEBI Listing Regulations also requires defining material modifications of RPTs and disclose it as part of the RPT policy.

This revised Policy has been reviewed by the Corporate Governance and Audit Committee at its meeting held on 9<sup>th</sup> November, 2022 and recommended by Core Strategic Committee at its meeting held on 9<sup>th</sup> November, 2022 to the Administrator and will become effective on and after 9<sup>th</sup> November, 2022 as approved by the Administrator on 9<sup>th</sup> November, 2022.

**In exercise of the powers conferred on the Reserve Bank of India (RBI) under Section 45-IE (1) of the RBI Act, 1934, the Reserve Bank of India (RBI) has issued an Order / Press Release w.r.t. the Supersession of the Board of Directors of Srei Infrastructure Finance Limited with immediate effect. Shri Rajneesh Sharma has been appointed as the Administrator under Section 45-IE(2) of the RBI Act, 1934. Further, pursuant to the Order dated 8th October, 2021 of the National Company Law Tribunal, Kolkata Bench (“NCLT”), corporate insolvency resolution process (“CIRP”) has been initiated against Srei Infrastructure Finance Limited as per the provisions of the Insolvency and Bankruptcy Code, 2016 (“Code”). The affairs, business and property of Srei Infrastructure Finance Limited are being managed by the Administrator, Mr. Rajneesh Sharma, who acts as agent of the Company only and without any personal liability.**

**Therefore, any reference to the words "Board/ Committee/Audit Committee" in the Policy shall be referred to as "Administrator/Core Strategic Committee/Any other Committee" till the Policy is modified/revised or till the completion of CIRP.**

This Policy shall be reviewed by the Board of Directors at least once in three years.

## **II. Objective of the Policy**

The objective of this Policy is to set out (a) the manner of dealing with the transactions between the Company and its related parties and (b) the materiality thresholds for RPTs, based on the Act, SEBI Listing Regulations and any other statute as may be applicable to the Company.

## **III. Definitions**

- A. “Associate Company”** means a company which has significant influence but which is not a subsidiary of the Company having such influence and includes a joint venture company.
- B. “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.
- C. “Act”** means the Companies Act, 2013 and the rules made thereunder.

**D. “Applicable Laws”** means the Companies Act, 2013 and the rules made thereunder, SEBI Listing Regulations and includes any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

**E. “Control”** shall include the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

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

**G. “Material Related Party Transaction”** means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 (one thousand) crore or 10% (ten per cent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 2% (two percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

**H. “Material Modification(s)”** means and includes any modification in commercial terms of the transaction that changes the value for the Company by more than 10% of the approved value or it changes the nature of the underlying transaction as approved by the Audit Committee or Board or Shareholders, as the case may be, or such modification as may be decided by the Audit Committee. Additionally, a change shall be considered material if the change in value is more than INR 1 (one) crore, irrespective of the percentage change

**I. “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;

**J. “Ordinary course of business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per its Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

**K. “Related Party”** means related party as defined in Regulation 2(1) (zb) of the SEBI Listing Regulations, which inter alia provides that a “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.

Pursuant to Section 2(76) of the Companies Act, 2013, related party with reference to a Company, means:

- i. a Director or his relative;
- ii. a Key Managerial Personnel (KMP) 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% (two per cent) 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 under 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 holding, subsidiary or an associate company of the Company ;
- ix. any company which is a subsidiary of a holding company to which it is also a subsidiary;
- x. any company which is an investing company or the venturer of the company;

For the purpose of clause x. above, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

- xi. Director (other than Independent Director) or KMP of the holding company or his relative;

Further Regulation 2(1) (zb) of the SEBI Listing Regulations, related party also includes the following:

- a) any person or entity forming a part of the promoter or promoter group of the Company; or
- b) any person or any entity, holding equity shares:

- i. of twenty per cent or more; or
- ii. of ten per cent or more, with effect from April 1, 2023;

in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;

**L. “Relative”** means relative as defined under Section 2(77) of the Companies Act, 2013 read with Rule 4 of the Companies (Specification of Definition Details) Rules, 2014 and includes anyone who is related to another, if –

- i. They are members of a Hindu undivided family (HUF) ;
- ii. They are husband and wife ; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son’s wife
- vii. Daughter
- viii. Daughter’s husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister).

**M. “Related Party Transaction” (“RPT”)** shall mean any of the following transactions entered into by the Company with any of its Related Parties which are either not in the ordinary course of business or not on arms’s length basis:

- i. sale, purchase or supply of any goods or materials;
- ii. selling or otherwise disposing of, or buying, property of any kind;
- iii. leasing of property of any kind;
- iv. availing or rendering of any services;
- v. appointment of any agent for purchase or sale of goods, materials, services or property;
- vi. such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- vii. underwriting the subscription of any securities or derivatives thereof, of the company;

Moreover as per Regulation 2(1) (zc) of the SEBI Listing Regulations, related party transactions also include the following:

- viii. a transaction involving a transfer of resources, services or obligations between:
  - a) the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
  - b) the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries, with effect from April 1, 2023;

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:

However the following shall not be a related party transaction:

- a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b) the following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - payment of dividend;
  - subdivision or consolidation of securities;
  - issuance of securities by way of a rights issue or a bonus issue; and
  - buy-back of securities.
- c) acceptance of fixed deposits by the Company at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by SEBI.

**N. “Responsibility Officer”** means the Chief Financial Officer (CFO) of the Company. The Board may, where it is considered necessary so to do, appoint such other officer as it may consider proper as such Responsibility Officer(s).

**O. “Significant Influence”** means control of at least 20 % (twenty per cent) of the total voting power or control of or participation in business decisions under an agreement.

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

#### **IV. Policy**

All RPTs and subsequent material modifications must be reported to the Audit Committee and referred for prior approval by the Committee in accordance with this Policy.

All Material RPTs and subsequent material modifications as defined by the Audit Committee shall require the prior approval of Shareholders through ordinary resolutions and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

However, Agreement for transactions not covered under SEBI Listing Regulations but covered under Section 188 of the Companies Act, 2013 (“the Act”) read together with the rules thereto would require prior approval of the Shareholders through ordinary resolutions for the transactions exceeding the specified threshold limits as mentioned in the Act and 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.

## **V. Identification of Related Parties**

1. The Company shall identify related parties as per the definition provided in the Act and SEBI Listing Regulations;
2. The Company shall obtain the list of related parties of its Subsidiary companies as per the definition provided in the Act and SEBI Listing Regulations;
3. The Company shall regularly verify and update the Related Party List and review and confirm (at least once a quarter) in accordance with the Act and SEBI Listing Regulations.

The Responsibility Officer shall:

- a) Identify and keep on record list of Company’s Related Parties, along with their requisite details.
- b) Identify such functional heads, 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) The record of Related Parties shall be updated whenever necessary and shall be reviewed at least once in every six months.
- e) With regard to low value Transactions (all transactions with Related Parties below value of Rs. 1 (one) crore per transaction), 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.
- f) Be responsible for implementation and monitoring of the Company’s RPT Policy at all times and submit a half yearly report of the same to the Audit Committee for review.

## **VI. Disclosure by Directors and KMPs**

Every Director shall at the beginning of the financial year provide information by way of written notice to the Company regarding his/ her concern or interest in other entities with specific concern to parties which may be considered as Related Party with respect to the Company and shall also provide the list of Relatives which are regarded as Related Party as per this Policy. Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as Related Party according to this Policy.

Further, the KMPs shall also provide the list of Relatives which are regarded as Related Party as per this Policy.

## **VII. Identification of Potential RPTs**

As a policy, SIFL will identify the RPTs as per the applicable laws, which require consent of the Audit Committee, Board of Directors and shareholders, as the case may be.

SIFL shall report the transactions entered into with related parties identified as per Clause V of this RPT Policy and put the same for necessary approvals required as per the applicable law.

Each Director, KMP and Senior Management Personnel (SMP) is responsible for providing notice to the Board or Audit Committee of any potential RPT 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 or subsequent modification thereon does, in fact, constitute a RPT or material modification respectively requiring compliance with this Policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction or subsequent material modification well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

## **VIII. Materiality Thresholds**

The following materiality thresholds for RPTs have been prescribed beyond which approval of the shareholders through a resolution shall be required:

### **A. As per SEBI Listing Regulations:**

- i. Any transaction with a related party, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or ₹ 1,000 crore, whichever is lower;
- ii. Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover of Company as per the last audited financial statements of Company.

### **B. As per the Act:**

RPTs falling under Section 188(1) of the Act read with Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, as amended from time to time and exceed limits provided under the said rules.

## **IX. Review and Approval of RPTs**

### **A. Audit Committee Approval**

- i. Prior approval of the Audit Committee is required for:
  - a) All Related Party Transactions, any modification to the transaction with Related Parties as per the provisions of the Act and subsequent material modifications to the transactions with Related Parties as per the provisions of the SEBI Listing Regulations.
  - b) A related party transaction to which the subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% (ten per cent) of the annual consolidated turnover, as per the last audited financial statements of the Company.

- c) With effect from April 1, 2023, a related party transaction to which the subsidiary of the Company is a party but the Company is not a party if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten per cent) of the annual standalone turnover, as per the last audited financial statements of the subsidiary.
- d) With effect from April 1, 2023, the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries.

ii. Prior approval of the Audit Committee shall not be required for:

- a) RPTs, where the listed subsidiary is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.
- b) RPTs of unlisted subsidiaries of the listed subsidiary of the Company, where the prior approval of the Audit Committee of the listed subsidiary is obtained.
- c) RPT or subsequent material modifications of RPT (other than those RPT stipulated under Section 188 of the Act) 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.
- d) RPT entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

iii. Members of the Audit Committee, who are independent directors, shall only approve RPTs.

iv. The Company may obtain omnibus approval from the Audit Committee for RPTs proposed to be entered into by the Company subject to the following conditions. Omnibus approval from the Audit Committee can also be granted in case the transactions are entered between subsidiaries and other related parties, where the Company is not a party to the transaction subject to compliance with the conditions stipulated under the Act read with the Rules framed thereunder and the SEBI Listing Regulations including the following:

- a) It shall, after obtaining approval of the Board of Directors, lay down the criteria for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of transactions which are repetitive in nature (either in the past or in the future), which shall include the following, namely:
  - maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
  - the maximum value per transaction which can be allowed;
  - extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
  - review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made;
  - transactions which cannot be subject to the omnibus approval by the Audit Committee.
- b) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
  - repetitiveness of the transactions (in past or in future);
  - justification for the need of omnibus approval.
- c) It shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- d) Such omnibus approval shall specify –



- The name/s of the related party, nature of transaction, period of transaction, maximum amount of transactions in aggregate that can be entered into in a year, maximum value per transaction which can be allowed, maximum value of transaction during the year;
- The indicative base price / current contracted price and the formula for variation in the price if any, transactions which cannot be subject to the omnibus approval by the Audit Committee, and
- any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

Provided that where the need for RPT 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 (One) crore per transaction.

- e) It shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
  - f) Such omnibus approvals shall be valid for a period not exceeding 1 (one) financial year and shall require fresh approvals after the expiry of such financial year.
  - g) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
  - h) Any other conditions as the Audit Committee may deem fit.
- v. The Audit Committee or the Board shall after considering the materials placed before them judge if the transaction is in the ordinary course of business and meets the arm's length requirements.

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:

- 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.
  - The contracts/ arrangements have been commercially negotiated.
  - The pricing is arrived at as per the rule/guidelines that may be issued by or acceptable for the purpose of the Reserve Bank of India, Ministry of Corporate Affairs, Government of India, Income Tax Act 1961, Securities and Exchange Board of India and/or such other statutory or regulatory bodies as applicable to any of the contract/ arrangements contemplated under the Companies Act, 2013, Rules framed thereunder or SEBI Listing Regulations.
  - 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.
  - Such other criteria as may be issued under Applicable Law.
- vi. In order to review a RPT or subsequent material modification of the RPT, the Audit Committee will be furnished with all relevant material information of the RPT or of the material modification, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, rationale behind such material modification and any other relevant matters.
- vii. While assessing a proposal put up before the Audit Committee for approval to determine whether to approve a RPT or subsequent material modification of the RPT, the Audit Committee shall review the following documents / seek the following information, among others, from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

- Name of the related party and the nature of relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- Type, Nature, duration of transaction and particulars of the transaction;
- Material terms including the value, if any;
- Tenure of the proposed transaction (particular tenure shall be specified);
- Value of the proposed transaction;
- Any advance paid or received for the contract or arrangement, if any;
- The manner of determining the pricing and other commercial terms and whether the terms of the RPT are fair and on arm's length basis to the Company;
- Business rationale for such transactions;
- The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for an RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
  - a) details of the source of funds in connection with the proposed transaction;
  - b) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
    - nature of indebtedness;
    - cost of funds; and
    - tenure;
  - c) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
  - d) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT
- Justification as to why the RPT is in the interest of the Company;
- A copy of the valuation or other external party report, if any such report has been relied upon
- Any other relevant information or such information as may be prescribed under SEBI Listing Regulations.

- viii. The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.
- ix. In case of Related Party Transaction, other than transactions referred to in Section 188 of the Act, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board.
- x. Further, in case any related party transaction involving any amount not exceeding Rupees 1 (one) crore 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 3 (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.
- xi. The requirement of obtaining Audit Committee approval or any subsequent material modification of transactions of the Company with related parties by the Audit Committee shall not apply to a transaction other than a transaction referred to in Section 188, between a holding company and its wholly owned subsidiary company.

## **B. Board Approval**

- a) If the Audit Committee determines that a RPT or subsequent material modification of transaction should be brought before the Board, or it is mandatory under any Applicable law for Board to approve a RPT, or subsequent material modification of RPT, or in the case of Specific RPTs, 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) As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section, which are not in the ordinary course of business or at arm's length basis, shall be placed before the Board for its approval. Such approval shall be granted only by means of a Resolution passed at a Meeting of the Board. The Company may if it considers necessary and shall if the Audit Committee or Board so requires, seek external professional opinion to determine whether an RPT is in the ordinary course of business and/ or at arms' length.
- c) In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:
  - Transactions which may be in the ordinary course of business and at arm's length basis, but which, as per the Policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
  - Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
  - Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
  - Material RPTs and subsequent material modifications to such transactions, which are intended to be placed before the shareholders for approval.
- d) Where any director is interested in any contract or arrangement with a related party, such director shall not participate during discussions and vote on the subject matter of the resolution related to such contract or arrangement.

## **C. Shareholder's Approval**

1. If the Audit Committee and the Board determines that a RPT should be brought before the Shareholders, or it is mandatory under any Applicable law for the shareholders to approve a RPT or in case of material RPTs or any modification to the transaction with Related Parties as per the provisions of the Act or in case of subsequent material modifications of the RPT as defined by the audit committee, then such prior shareholder approval through resolution, as may be necessary or appropriate under the circumstances, shall be obtained and the considerations set forth above shall apply to the Shareholders' approval of the matter.
2. In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business or are not at arm's length basis; and (b) exceed the thresholds laid down in Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, shall be placed before the shareholders for approval.
3. The requirement for seeking Shareholders' approval shall not be applicable to transactions between the Company and its wholly-owned subsidiary(ies) whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
4. Further, the requirement for seeking shareholders' approval shall not be applicable for RPTs between the two wholly owned subsidiaries of the Company whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
5. No related party shall vote to approve such resolutions irrespective of whether the entity is a related party to the particular transaction or not.

6. The following related party transactions (s) shall require prior approval of the shareholders:

- (a) Contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of Section 188 of the Companies Act, 2013, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, with criteria as mentioned below:
- (i) sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to 10% (ten per cent) or more of the turnover of the Company as mentioned in clause (a) and clause (e) respectively of sub-section (1) of Section 188 of the Companies Act, 2013;
  - (ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to 10% (ten per cent) or more of net worth of the Company as mentioned in clause (b) and clause (e) respectively of sub-section (1) of Section 188 of the Companies Act, 2013;
  - (iii) leasing of property any kind amounting to 10% (ten per cent) or more of the turnover of the Company as mentioned in clause (c) of sub-section (1) of Section 188 of the Companies Act, 2013;
  - (iv) availing or rendering of any services, directly or through appointment of agent, amounting to 10% (ten per cent) or more of the turnover of the Company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of Section 188 of the Companies Act, 2013;

The aforesaid limits specified in sub-clause (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- (b) where the transaction or transactions to be entered into is for 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. 2.5 (two and a half) lakh as mentioned in clause (f) of sub-section (1) of Section 188 of the Companies Act, 2013;
- (c) where the transaction or transactions to be entered into is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company exceeding 1% (one per cent) of the net worth as mentioned in clause (g) of sub-section (1) of Section 188 of the Companies Act, 2013.

The turnover or net worth referred in the above clauses shall be computed on the basis of the audited financial statement of the preceding financial year.

7. In case of a wholly owned subsidiary, for the Related Party Transactions (RPTs) specified in Section 188 of the Companies Act, 2013, the resolution passed by the holding company shall be sufficient for the purpose of entering into the RPTs between wholly owned subsidiary and the holding company.

8. The following information shall be provided to the shareholders while seeking their approval for RPTs:

- A summary of the information provided by the management of the Company to the audit committee
- Reasons/justification for why the proposed transaction is in the interest of the Company;
- Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the details specified under:
  - a) details of the source of funds in connection with the proposed transaction;
  - b) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
    - ✓ nature of indebtedness;

- ✓ cost of funds; and
  - ✓ tenure;
  - c) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
  - d) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
  - A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
  - Any other relevant information or such information as may be prescribed under SEBI Listing Regulations
9. Prior approval of the shareholders of a the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the SEBI Listing Regulations are applicable to such listed subsidiary.
10. Further, for related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.
11. Notwithstanding the foregoing, the following RPTs shall not require approval of Audit Committee or Board or Shareholders of the Company:
- i. Any transaction that involves the providing of compensation to a Director or KMP in connection with his or her duties to the Company, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
  - ii. 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.
  - iii. Any transaction arising out of Compromises, Arrangements and Amalgamations dealt with under specific provisions of the Companies Act, 2013.
  - iv. Reimbursement of pre-incorporation expenses incurred by a Related Party as approved by the Board of Directors.
  - v. Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder.

#### **X. Requirement of fresh approvals for past contracts, if any**

Contracts entered into by the Company, after making necessary compliances under the Companies Act, 1956, which already came into effect before the commencement of the Companies Act, 2013, i.e. 1st April 2014, will not require fresh approval till the expiry of the original term of such contracts.

#### **XI. RPTs not approved under this Policy**

1. In the event the Company becomes aware of a transaction with a Related Party that has not been approved in accordance with this Policy prior to its commencement, the matter shall be reviewed by the Audit Committee / Board / shareholders, as may be applicable. The approving authority shall consider all of the relevant facts and circumstances regarding the RPT, and shall evaluate all options available to the Company, including ratification, revision or termination of the RPT.

2. Further, in case any transaction (not being a specified transaction under the Act between the Company and its wholly owned subsidiary) involving any amount not exceeding ₹ 1 crore is entered into by a Director or Officer of the Company without obtaining the approval of the Audit Committee and which is not ratified by the Audit Committee within 3 months from the date of the transaction, such transaction will be voidable at the option of the Audit Committee, and if the transaction is with a 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.
3. Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under section 188 (1) of the Act and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within 3 (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.
4. The Audit Committee /Board shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Committee under this Policy, and shall take any such action it deems appropriate.
5. In any case, where the Audit Committee determines not to ratify a RPT that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, recovering of any loss sustained by the Company as a result of such contract or arrangement, seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party, etc. In connection with any review/approval of a RPT, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.
6. Without prejudice to anything contained in Section 188(3) of the Act, it shall be open to the Company to proceed against a Director or any other employee who has entered into such contract or arrangement in contravention of the provisions of this section for recovery of any loss sustained by it as a result of such contract / arrangement.

## **XII. Existing Related Party Transaction (RPTs)**

This Policy shall operate prospectively and all the agreements which have been entered before the effective date of this Policy and are in accordance with the then prevailing laws shall be valid and effective.

This Policy will be communicated to all Directors, KMPs, functional heads and other concerned executives of the Company.

## **XIII. Register**

The Company shall maintain Registers of RPT(s) in Form MBP 4 or such other form as may be prescribed under the Applicable Laws.

## **XIV. Disclosures and Reporting**

- a) Necessary disclosures shall be made by the Company in its Annual Report and to the concerned Stock Exchanges where Equity shares of the Company are listed, as may be required under applicable laws.

- b) Pursuant to Section 134(3)(h) of the Companies Act, 2013, particulars of contracts or arrangements with related parties referred to in Section 188 of the Companies Act, 2013 shall be disclosed in the Director's Report in the prescribed format.
- c) Details of all Material RPTs shall be disclosed to the Stock Exchanges on a quarterly basis along with the compliance report on corporate governance.
- d) The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Securities and Exchange Board of India from time to time, every six months within 15 (fifteen days) from the date of publication of its standalone and consolidated financial results and publish the same on its website.
- e) The Company shall disclose the Policy on dealing with Related Party Transactions (RPTs) on its website and a web link thereto shall be provided in the Annual Report of the Company.
- f) This Policy shall be communicated to all concerned employees and other persons of the Company at all locations for implementation and reporting.
- g) The rights to interpret/amend/modify this Policy vests with the Audit Committee/ Board of Directors of the Company. Further, this Policy shall be reviewed by the Audit Committee/ Board of Directors at least once every 3 (three) years and updated accordingly.
- h) Any matter not provided for in this Policy shall be handled in accordance with applicable laws, and the Company's Articles of Association.
- i) This Policy is in conformity with Applicable Laws. In case any clause /provision of this Policy are inconsistent with Applicable Laws, the provisions of such Laws shall prevail. Any subsequent amendment / modification in the Applicable Laws shall automatically apply to this Policy.

#### **XV. Amendment**

- a) The rights to interpret/amend/modify this Policy vests with the Audit Committee/ Board of Directors of the Company. Further, this Policy shall be reviewed by the Audit Committee/ Board of Directors at least once every 3 (three) years and updated accordingly.
- b) Any matter not provided for in this Policy shall be handled in accordance with applicable laws, and the Company's Articles of Association.
- c) This Policy is in conformity with Applicable Laws. In case any clause /provision of this Policy is inconsistent with Applicable Laws, the provisions of such Laws shall prevail. Any subsequent amendment / modification in the Applicable Laws shall automatically apply to this Policy.

**Place: Kolkata**

**Date: 09.11.2022**

**This Policy is effective from 9th November, 2022 as approved by the Administrator on 9th November, 2022.**