



POLYSIL
SHAPING WATER

POLYSIL IRRIGATION SYSTEMS LIMITED

Registered Office: Survey No- 340/1, Beside Hystuff Steel At Post Raniya, Taluka Savli, District Vadodara Raniya Taluka Savli Vadodara - 391780, Gujarat

CIN: L17100GJ1985PLC127398

Tel No: +91 02667 244271/2/3; **Email:** info@polysilirrigation.com

TOLL FREE NO: 1800 891 0182

RELATED PARTY TRANSACTION POLICY

Approving Authority	Board of Directors of the Company
Review Cycle	As may be required from time to time

RELATED PARTY TRANSACTION POLICY

1. PREAMBLE

Related Party Transactions can present a potential or actual conflict of interest, which may be against the best interest of the company and its shareholders. Considering the requirements for approval of Related Party Transactions as prescribed under the Companies Act, 2013 read with the Rules framed thereunder, as amended from time to time ("Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, ("SEBI LODR"), Polysil Irrigation Systems Limited ("the Company") has formulated guidelines for identification of related parties and the proper conduct and documentation of all Related Party Transactions.

Also, Regulation 23(1) of the SEBI LODR requires a company to formulate a policy on materiality of Related Party Transactions and dealing with Related Party Transactions. The said policy is required to include clear threshold limits approved by the Board.

In light of the above, the Company has framed this Policy on Related Party Transactions ("Policy"). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board. In addition to the above, this Policy shall be reviewed by the Board of Directors at least once in three years.

2. OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the materiality thresholds for Related Party Transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, SEBI LODR and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS

"Act" means The Companies Act, 2013, as amended from time to time.

"Arms' 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.

"Board Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under provisions of applicable law and regulations.

"Board" means Board of Directors of the Company.

"Control" includes 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: Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position.

"Associate Company" shall have the meaning as defined under sub-section 6 of section 2 of the Companies Act 2013.

"Key Managerial Personnel" shall have the meaning as defined under sub-section 51 of section 2 of the Companies Act 2013.

"Material Related Party Transaction" means a transaction with a Related Party where the transaction / transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds 10% (Ten percent) of the Consolidated Annual turnover of the Company as per the last audited Financial Statement of the Company.

As per Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken

together with previous transactions during a financial year exceed the following:

Consolidated Turnover of Listed Entity Threshold	Threshold
(I) Up to ₹ 20,000 Crore	10% of the annual consolidated turnover of the listed entity
(II) More than ₹ 20,000 Crore to upto ₹ 40,000 Crore	₹ 2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore
(III) More than ₹40,000 Crore	₹ 3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹ 40,000 Crore or ₹ 5000 Crores, whichever is lower.

“Material Modification” shall mean an amendment to the terms of a transaction / agreement / commitment with / to a Related Party, the effect of which will be an increase over the approved limit for a transaction where the price/consideration as per the original contract varies by an amount more than ₹ 200 (Two hundred) crore or 20% (twenty per cent), whichever is lower.

Provided further that any modification to the transactions / agreements entered into:

- for sale, purchase or supply of any goods or materials or availing or rendering of any services in the ordinary course of business and on arm’s length basis;
- between the Company and its wholly-owned subsidiary;
- transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the annual general meeting for approval,

shall be excluded from the applicability of above definition.

“Policy” means Related Party Transaction Policy.

“Related Party” shall have the meaning as defined in Regulation 2(1)(zb) of the SEBI LODR.

Words, terms and expressions used and not defined in these rules or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 but defined in the Act shall have the same meaning respectively assigned to them in the Act.

Related party as per Regulation 2(zb) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and its amendment from time to time:

“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:

“Provided that:

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; 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 listed entity 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;

shall be deemed to be a related party:”

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

Related Party as per Indian Accounting Standard 24 is as under:

- (i) Enterprises that directly or indirectly control (through subsidiaries) or are controlled by or are under

- Common control with the reporting enterprise;
- (ii) Associates, Joint Ventures of the reporting entity, investing party or venturer in respect of which reporting enterprise is an associate or a joint venture;
- (iii) Individuals owning voting power giving control or significant influence;
- (iv) Key Management Personnel and their relatives; and
- (v) Enterprises over which any of the persons in (iii) or (iv) are able to exercise significant influence.

Related Party as per Section 2 (76) of the Companies Act, 2013 is as under:

- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager is a member or director;
- (v) a public company in which a director or manager is a director or holds along with his relatives, more than 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 on whose advice, directions or instructions a director or manager is
 - 1. accustomed to act;
 - 2. 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 –
 - (i) a holding, subsidiary or an associate company of such company; or
 - (ii) a subsidiary of a holding company to which it is also a subsidiary;

“Related Party Transaction” means transaction in the nature of contract involving transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged or not under the relevant provisions of the Companies Act, 2013 or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other related law or regulation etc.

As per Section 188 of the Companies Act, 2013, Related party Transactions are:

- (a) Sale, purchase 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 purchase 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; and
- (g) Underwriting the subscription of any securities or derivatives thereof, of the Company;

As per Regulations 2(zc) readwith Regulations 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and its amendment from time to time,

“Related party transaction” means a transaction involving a transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity 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 listed entity 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:

Provided that 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 Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(b) the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

i. payment of dividend;

ii. sub division or consolidation of securities;

iii. issuance of securities by way of a rights issue or a bonus issue; and

iv. buy-back of securities.

(c) acceptance of fixed deposits by banks/Non-Banking Finance Companies 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 the Board:

Provided that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

(d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:

(e) retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors:

4. MATERIALITY THRESHOLDS

SEBI LODR requires a company to provide materiality thresholds for transactions beyond which the shareholders’ approval will be required by way of a resolution. The Company has fixed its materiality threshold as per Section 188 of the Companies Act, 2013 read with the Rules framed thereunder and Regulation 23 of the SEBI LODR as amended from time to time. The policy on materiality of related party transactions is as stated in **Annexure-1**.

5. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

i. Identification of Related Parties

a) Before the start of each financial year, the Company shall draw up a list of Related Party(s) in accordance with the definition given in the Act SEBI LODR and Indian Accounting Standard (Ind AS) 24. Any changes in the list during the financial year shall be made as and when the Company receives information in this regard.

b) The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed thereunder, SEBI LODR and Ind AS 24, as amended from time to time.

ii. Identification of Related Party Transactions

a) All Directors and Key Managerial Personnel are responsible for informing the Company of their interest (including their indirect interest) in other companies, firms, body corporate(s) or concerns at the beginning of every financial year and any change in such interest during the year.

b) The Company has formulated guidelines for identification of Related Party Transactions in accordance with Section 188 of the Act, Ind AS 24 and SEBI LODR. The said guideline also includes guidelines for determining whether the transaction is in the ordinary course of business and at arm’s length basis and for this purpose, the Company seeks external professional opinion, if necessary.

iii. Procedure for approval of Related Party Transactions

a) Approval of the Audit Committee

All Related Party Transactions, any modifications to transactions with Related Parties as per the provisions of the Act, and subsequent material modifications to transactions with Related Parties as defined under SEBI

LODR shall require prior approval of the Audit Committee. Only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions.

All Related Party Transactions to which subsidiary of Company is a party to but Company is not a party, the value of which exceeds the thresholds as prescribed under Regulation 23 of the Listing Regulations shall require prior approval of the Audit Committee.

However, the Company may obtain omnibus approval from the Audit Committee for such transactions proposed to be entered into by the Company; or its subsidiaries requiring approval of the Audit of the Company, subject to compliance with the conditions stipulated under the Act read with the Rules framed thereunder and the SEBI LODR including the following:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of repetitive transactions (either in the past or in the future);
- 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. The omnibus approval shall provide details of (i) 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 (ii) the indicative base price / current contracted price and the formula for variation in the price if any (for ex: +/- 5%), (iii) transactions which cannot be subject to the omnibus approval by the Audit Committee, if any and (iv) such other conditions as the Audit Committee may deem fit.
- d. However, in case of Related Party Transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed ₹ 1 crore per transaction per related party;
- e. The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given;
- f. Such omnibus approval shall be valid for a period not exceeding 1 financial year and shall require fresh approvals after the expiry of such financial year.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

The information provided shall specifically cover the following:

- a) Type, material terms and particulars of the proposed transaction;
- b) Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c) Tenure of the proposed transaction (particular tenure shall be specified);
- d) Value of the proposed transaction;
- e) The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - i. details of the source of funds in connection with the proposed transaction;
 - ii. 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;
- iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g) Justification as to why the RPT is in the interest of the listed entity;
 - h) A copy of the valuation or other external party report, if any such report has been relied upon;
 - i) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
 - j) Any other information that may be relevant.

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- i. Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- ii. Whether there are any undue compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- iii. Whether the Related Party Transaction would affect the independence of the directors / KMP;
- iv. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- v. Where the ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company; and
- vi. Whether the Related Party transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

The Related Party Transactions shall not include the following transactions:

- i. transactions entered into between two Public Sector Companies;
- ii. 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.
- iii. transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- iv. transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.
- v. transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

In case of transactions, other than transactions referred to in Section 188 of the Act and where the Audit Committee

does not approve any transaction, it shall make its recommendation to the Board.

Approval or subsequent modification of a transaction (other than those transactions stipulated under Section 188 of the Act) with the Company's wholly-owned subsidiaries, shall not require approval of the Audit Committee. Approval or subsequent modification of transactions 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, shall not require approval of the Audit Committee.

b) Approval of the Board of Directors of the Company

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.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval, as per the provisions of the Act / SEBI LODR:

- a. Transactions which may be in the ordinary course of business and at arm's length basis, but which are 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;
- b. 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;
- c. 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.
- d. Transactions meeting the materiality thresholds laid down Clause 4 of the Policy (i.e. Material Related Party Transaction) and any subsequent Material Modifications to such Material Related Party Transaction, which are intended to be placed for prior approval of the shareholders.

c) Approval of the Shareholders of the Company

All the transactions with related parties, meeting the materiality thresholds as laid down in **Annexure-1** (i.e. Material Related Party Transaction) and subsequent Material Modifications to such Material Related Party Transaction as defined under SEBI LODR, are to be placed before the shareholders for prior approval.

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; or (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time shall be placed before the shareholders for its approval.

For this purpose, no related party shall vote to approve such resolutions irrespective of whether the entity is a related party to the particular transaction or not.

Regulation 23 (5) (b) of the SEBI LODR and Section 188 of the Act provides that 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. Hence, no approval shall be sought from the shareholders' for such Related Party Transactions.

Regulation 23(5)(c) of the SEBI LODR, provides that the requirement for seeking shareholders' approval shall not be applicable to transactions 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.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of the Audit Committee or the Board of Directors or Shareholders, as the case may be:

- a. Any transaction that involves remuneration and sitting fees paid by the Company or its subsidiaries to its director, KMP or senior management, except who is part of the promoter or promoter group, in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement

of reasonable business and travel expenses incurred in the ordinary course of business, provided that it is not material.

- b. 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.
- c. Any scheme of loans/benefits availed by Key Managerial Personnel, which is applicable to all the employees of certain management level, which are as per the policy of Company.
- d. Transactions that have been approved by the Board under the specific provisions of the Act, e.g. inter-corporate deposits, borrowings, investments with or in wholly-owned subsidiaries or other Related Parties;
- e. Payment / receipt of Dividend
- f. issuance of securities by way of a rights issue or a bonus issue;
- g. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- h. Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off, approved by the Board and carried out in accordance with the specific provisions of the Act, or SEBI LODR;
- i. Retail purchases of products of the Company or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable / offered to all employees and directors.
- j. Any scheme availed for sale/exchange of Company products or services of the Company by Directors, Key Managerial Personnel or their respective relatives, at a discount or otherwise, applicable to the Directors/Management/Public/ Shareholders.
- k. Corporate actions by subsidiaries and corporate actions received by the Company or its subsidiaries which are uniformly applicable / offered to all shareholders.

6. DISCLOSURES

- The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties,
 - i. Details of contracts or arrangements or transactions which are not in the ordinary course of business or arm's length basis along with the justification for entering into such transaction.
 - ii. Details of contracts or arrangements or transactions which are at Arm's length basis
 - iii. Details of Related Party Transactions during the quarter shall be disclosed in the Audit Committee Meeting.
- The Company shall also provide details of all Related Party Transactions meeting the materiality threshold (laid down in Clause 4 of the Policy above) on a quarterly basis to the stock exchanges along with the compliance report on corporate governance. In addition, as required under Regulation 23(9) of the SEBI LODR, the Company shall submit to the stock exchanges on a half-yearly basis, within the timelines as prescribed by SEBI from time to time, the disclosures relating to Related Party Transactions in the format as specified by SEBI / Stock Exchanges from time to time and publish the same on the website of the Company.

7. DECISION REGARDING TRANSACTIONS ARE IN ORDINARY COURSE OF BUSINESS AND ARE AT ARM'S LENGTH BASIS

The Audit Committee or the Board shall, in respect of the Related Party Transactions referred to them for approval, shall after considering the materials placed before them, shall judge if the transaction is in the ordinary course of business or at arm's length basis. In case the Audit Committee is not able to arrive at such a decision, the same shall be referred to the Board, which shall decide if the transaction is in the ordinary course of business or at arm's length basis. In case the Board is not able to arrive at such a decision, the same shall be decided by the Independent Directors, whose decision shall be final.

8. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

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 consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

The Audit Committee may provide post-facto ratification to Related Party Transactions within 3 months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:

- The value of ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed Rs. 1 crore.
- Transaction is not material as per Regulation 23(1) of LODR.

Failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee. Further, if a transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

Further, if any contract / arrangement is entered into by a Director or any other employee without obtaining the consent of the Board / shareholders (by a Resolution) under Section 188(1) of the Act, and if it is not ratified by the Board

/ shareholders, as the case may be, within 3 months from the date on which such contract / arrangement was entered into, such contract / arrangement shall be voidable at the option of the Board / shareholders, as the case may be, and if the contract / arrangement 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.

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.

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

1. OBJECTIVE

Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, requires a company to inter alia formulate a policy on materiality of related party transactions (including clear threshold limits duly approved by the Board of Directors).

2. MATERIALITY THRESHOLDS FOR RPTs:

Nature of Transactions	Materiality as per Companies Act, 2013 (A)	Materiality as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (B)
Sale, purchase or supply of any goods or materials directly or through appointment of agents	Exceeding 10% of Turnover of the Company	i If Consolidated Turnover of Company is upto ₹ 20,000 Crore -- 10% of the annual consolidated turnover of the Company. ii If Consolidated Turnover of Company is more than ₹ 20,000 Crore to upto ₹ 40,000 Crore --- ₹ 2000 crore + 5% of the annual consolidated turnover of the Company above ₹ 20,000 Crore. iii If Consolidated Turnover of Company is more than ₹ 40,000 Crore -- ₹ 3000 crore + 2.5% of the annual consolidated turnover of the Company above ₹ 40,000 Crore or ₹ 5000 Crores whichever is lower.
Buying, selling or disposing of property of any kind directly or through appointment of agents	Exceeding 10% or more Net worth of the Company	
Leasing of any kind of property	Exceeding 10% or more of the turnover of the Company.	
Availing or rendering of any services directly or through appointment of agents	Exceeding 10% or more of Turnover of the Company	
Appointment to any office or place of profit in the company, its subsidiary company or associate company	Monthly remuneration exceeding ₹ 250,000	
Remuneration for underwriting the subscription of any securities in or derivatives thereof	Exceeding 1% of net worth	
Transfer of resources (e.g. loans and advances, interest thereon, guarantees)	--	

Brand Usage:

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 five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

Net worth and turnover would be as per Audited accounts of preceding financial year.

The Company has defined Material RPTs basis the thresholds defined in the Companies Act 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3. APPLICABILITY

All material related party transactions shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.