

RELATED PARTY TRANSACTION POLICY

1) INTRODUCTION

The Company's securities will be listed on BSE SME Platform of the Bombay Stock Exchange Limited (the "Stock Exchange") and it is required to comply with the provisions of Companies Act, 2013 ("Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") to the extent applicable. The Listing Regulations mandates listed entities to formulate a policy on materiality of Related Party Transactions ("RPT") and also on dealing with RPTs. It is in this context that the Policy on Related Party Transaction ("Policy") is being framed and implemented.

2) OBJECTIVE

In view of the provisions of the Act and Listing Regulations to the extent applicable, the Board of Directors of the Company has adopted this Policy. The Policy envisages the materiality of RPTs, procedure governing RPTs required to be followed by the Company to ensure compliance with the provisions of the Act and Listing Regulations to the extent applicable and regulates all transactions between the Company and its Related Parties. The Audit Committee will review the same from time to time and propose the amendment required in the policy to the Board of Directors.

3) DEFINITIONS

"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;

"Board" means Board of Directors of the Company;

"Control" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended;

“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 the limits as prescribed under Companies Act, 2013;

“Ordinary Course of Business” means routine businesses of the Company and usual transactions and practices of business and would include activities which are incidental to or related to the businesses of the Company;

“Policy” means Related Party Transaction Policy; All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Companies Act, 2013 and the rules thereunder and the Listing Regulations, as amended from time to time.

4) PROHIBITIONS RELATED TO RELATED PARTY TRANSACTIONS

All RPTs shall require prior approval of Audit Committee. Such approval may be obtained through circular resolution. Further, all Material Related Party Transactions shall require approval of the Board as well as shareholders through ordinary resolution provided no approval of the shareholders is required if the following conditions are satisfied:

A) Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

B) Transactions fulfilling all the following three conditions:

i) It is in the Ordinary Course of Business;

ii) It is at Arm’s length; and

iii) The transaction does not exceed 10% of the annual consolidated turnover of the Company as per the last audited statement.

5) OMNIBUS APPROVAL BY THE AUDIT COMMITTEE

All RPTs shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the Company subject to the following conditions:

A) Such approval shall be applicable in respect of transactions which are repetitive in nature.

B) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;

C) Such transactions are entered in the Ordinary Course of Business and are at Arm's Length;

D) Such omnibus approval shall specify:

i) the name/s of the Related Party;

ii) nature of transaction;

iii) period of transaction;

iv) maximum amount of transaction that can be entered into;

v) the indicative base price / current contracted price and the formula for variation in the price if any; and

vi) such other conditions as the Audit Committee may deem fit;

Provided that where the need for RPTs 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. One Crore per transaction.

E) Audit Committee shall review, atleast 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 one year and shall require fresh approvals after the expiry of one year".

6) REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

A) Audit Committee

i) All the transactions which are identified as RPTs should be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the RPTs for its approval.

ii) RPTs will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee or the Directors of the Board who has a potential interest in any RPT shall not be present at the meeting during discussions on the subject matter and shall recuse himself or herself and abstain from discussion and voting on the approval of the RPTs.

iii) RPTs which are (i) not in the Ordinary Course of Business, or (ii) not at Arm's Length price, would require approval of the Board of Directors or of shareholders.

iv) RPTs entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before it for ratification.

B) Board of Directors

In case any RPT is referred by the Company to the Board for its approval due to the transaction being (i) not in the Ordinary Course of Business, or (ii) not at an Arm's Length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any RPTs will recuse himself and abstain from discussion and voting on the approval of the RPT.

C) Shareholders

If a transaction is (i) a Material Related Party Transaction, or (ii) not in the Ordinary Course of Business, or not at Arm's Length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require shareholders' approval by an ordinary resolution.

D) Reporting of RPT

Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be specified in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

7) LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Companies Act, 2013 or Listing Regulations or any other statutory enactments, rules, the provisions of Companies Act, 2013 or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Companies Act, 2013 and/or applicable laws in this regard shall automatically apply to this Policy.

8) DISCLOSURE OF THE POLICY

The Policy shall be displayed on the Company's website and address of such web link shall be provided in the Annual Report of the Company