



## **LINC LIMITED**

### **POLICY ON RELATED PARTY TRANSACTIONS**

The Board of Directors (the “Board”) of Linc Limited (the “Company”) adopted this Policy on Related Party Transactions (the “Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) and the Companies Act, 2013.

#### **EFFECTIVE DATE**

This Policy shall be effective from the date of its approval by the Board.

#### **SCOPE AND PURPOSE**

The Companies Act, 2013, the Rules framed thereunder as well as Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) as amended, contain detailed provisions that govern Related Party Transactions undertaken by companies.

This Policy has been framed in compliance with Regulation 23 of the Listing Regulations, various circulars issued thereunder and Industry Standards on “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions” (together referred to as “Applicable Laws”, aiming to ensure proper approval and reporting of the concerned transactions between the Company and its Related Parties.

The Board recognizes that certain transactions presents a heightened risk of conflicts of interest or the perception thereof. Therefore, based on the Audit Committee’s recommendation, the Board has adopted this Policy to ensure that all Related Party Transactions are subject to this Policy and approval or ratification are in accordance with applicable law.

This Policy contains the policies and procedures for governing the identification, review, determination of materiality, approval and reporting of such Related Party Transactions.

#### **CLARIFICATIONS, AMENDMENTS AND UPDATES**

This Policy shall be implemented in accordance with applicable law. Any subsequent amendments to the Listing Regulations or the Companies Act, 2013 - including any notifications, clarifications, circulars from relevant regulators, or any other governing Acts, Rules or Regulations, impacting this Policy, shall be automatically incorporated, ensuring the Policy reflects the current applicable law at the time of its implementation.

Likewise, any references in this Policy to Accounting Standards shall refer to applicable standards in effect for the Company at the relevant time.

Unless specifically defined herein, all words and expressions used in this Policy shall have the same meaning assigned to them under the applicable law, specifically the Companies Act, 2013 read with Rules framed thereunder, or the Listing Regulations, as amended, from time to time.

## DEFINITIONS

1. **“Act”** means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.;
2. **“Applicable Law”** means the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) (as amended) and Indian Accounting Standards (including any modifications/ re-enactments thereof) issued by the ICAI, Industry Standards on “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions” and includes any other statute, law, standards, regulations, circulars or other governmental instruction relating to Related Party Transactions applicable on the Company;
3. **“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;
4. **“Audit Committee”** means the Committee of Board of Directors of the Company constituted under provisions of Section 177 of Companies Act, 2013 read with Regulation 18 of the Listing Regulations;
5. **“Board of Directors”** or **“Board”** means the Board of Directors of the Company in terms of the Act;
6. **“Company”** means “Linc Limited”.
7. **“Compliance Officer”** means the Company Secretary of the Company or such Compliance Officer identified by the Board for the purpose of the Listing Regulations;
8. **“Key Managerial Personnel”** or **“KMP”** shall have the same meaning as defined under Section 2(51) of the Companies Act, 2013 and as amended from time to time;
9. **“Listing Regulations”** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
10. **“Material Related Party Transactions under the Listing Regulations”** means-
  - a. any transaction to be entered into with a Related Party (other than a Wholly Owned Subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval), if value of such transaction/ transactions to be entered into individually or taken together with previous Related Party Transactions during a financial year, exceeds the threshold specified in Schedule XII of the Listing Regulations;
  - b. a transaction involving payments made to a Related Party with respect to brand usage or royalty if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeding five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company;
11. **“Material Related Party Transaction under the Act, 2013”** means transactions as defined under Section 188(1) of the Act, 2013 by the Company with Related Parties as defined under Section 2(76) of the Act, 2013 where the aggregate value of the transaction/ transactions to be entered into

individually or taken together with previous transactions during a financial year, exceeds the limits as prescribed under rule 15 of the Companies (Meeting of Board and its Power) Rules, 2014 from time to time.

12. **“Material Modifications”** shall mean any modification made in the terms and conditions of any Related Party Transaction, which are existing as on date of adoption of this Policy or entered subsequently, as originally approved by the Audit Committee and/or shareholders, as the case may be, having a significant impact, including the criteria illustrated below, on the nature, value, tenure, exposure, or likely financial impact of such transaction, as may be determined by the Audit Committee from time to time.

An Illustrative list of rebuttable presumption that a modification is material, if such modification, together with previous modifications during a financial year, results into any of the following-

- A variation in the value of the transaction/contract as originally approved, by 25%, or more of the existing limit as sanctioned by the Audit Committee or the Board or shareholders, as the case may be.
- The terms of the contract cease to be on arms’ length.
- Granting of any waiver, abatement or any other relief to either party, which results into a financial implication equal to 25% or more of the value of the contract, subject to a minimum of Rs. 10 Crore.
- Extension of tenure of the contract by 25% or more of the original tenure, except for completion of any residual performances.
- Any modification which results into the claims of either party being subordinated, or relaxation of security interest:
  - Provided that giving any consent for cessation of *pari passu* charge or any other security interest, provided there is adequate asset cover, shall not be deemed as modification of contract.
- Any novation of the contract or arrangement to a third party.

Provided further that the following shall not be considered as material modification -

- modifications which may be mandated pursuant to change in law,
- modifications pursuant to and in accordance with the terms of the approved transaction /contract, whether with or without mutual consent of parties, as the case may be,
- modifications resulting from change in constitution of either of the parties pursuant to schemes of arrangement (e.g. merger, amalgamation, demerger, etc.),
- modifications which are purely technical and do not result in substantive change or alteration of rights, interests, and obligations of any of the parties,
- modifications uniformly affected for similar transactions with unrelated parties

13. **“Relative(s)”** shall have the same meaning as assigned to it under Section 2(77) of the Companies Act, 2013 and the Rules made thereunder and Regulation 2(1)(zd) of the Listing Regulations.
14. **“Related Party”** means a related party as defined under Section 2(76) of the Act, Regulation 2(1)(zb) of the Listing Regulations, Ind AS 24, as amended from time to time;
15. **“Related Party Transaction”** or **“RPT”** means such transactions as specified under the Act and

Regulation 2(1)(zc) of the Listing Regulations, including any amendment or modification thereof, as may be applicable.

16. **“Relative”** means a relative as defined under Section 2(77) of the Companies Act, 2013 and the Rules made thereunder and Regulation 2(1)(zd) of the Listing Regulations, including any amendment or modification thereof, as may be applicable;
17. **“Retail Purchase”** shall refer to the acquisition of goods or services by an individual or entity from the Company in the ordinary course of business, where the transaction is made on standard commercial terms and is generally available to the public. These purchases are typically of modest volume and value, intended for personal or household use rather than for resale or business purposes. This definition would encompass purchases made directly from the Company, either via cash transactions or through online channels, as well as purchases made at Company- owned Exclusive Brand Outlets (EBOs).

*Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation and amended from time to time.*

## **POLICY STATEMENT**

### **A. Hierarchy of approvals in connection with Related Party Transactions**

#### **I. Audit Committee**

1. All the Related Party Transactions and material modifications thereto, of the Company with its Related Parties, shall require prior approval of the Audit Committee, and only those members of the audit committee, who are independent directors, shall approve such related party transactions. Any other modification should also be approved by the Audit Committee.

However, the remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of regulation 23 of the Listing Regulations.

2. Prior approval of the Audit Committee of the listed entity shall also be required in the following instances:
  - a. A Related Party Transaction above rupees one crore 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 the lower of the following:
    - (i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
    - (ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of Listing Regulations (Attached to this Policy).
  - b. In the event of a related party transaction above rupees one crore, whether entered into

individually or taken together with previous transactions during a financial year, to which the subsidiary of the Company is a party but the Company is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the Company shall be obtained if the value of such transaction exceeds the lower of the following:

- (i) ten percent (10%) of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
- (ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of Listing Regulations.

However, such prior approval of the Audit Committee of the Company as mentioned in (a) above, shall not be required for a Related Party Transaction, wherein the subsidiary is listed and regulation 23 and regulation 15(2) of the Listing Regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, prior approval of the audit committee of the listed subsidiary shall suffice.

### 3. Omnibus Approval by the Audit Committee

- a) For the ease of carrying out transactions/ contracts/ arrangements, the Audit Committee may grant omnibus approvals to the following transactions proposed to be entered by the Company or its subsidiary, and such approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- b) Where the need/ purpose of the transactions to be entered into with Related Parties cannot be foreseen and details related to name of the party, nature of transaction, maximum amount of transaction, indicative base price / current contracted price and the formula for variation in the price and such other parameters as may be laid down by the Audit Committee, are not available at the time of taking such approval, the omnibus approval for such transactions shall be granted subject to their value not exceeding Rs.1 crore per transaction (Immaterial Transactions).
- c) Transactions above value of Rs. 1 crore per transaction and not included in sub-clause (b) above, may be granted omnibus approval by Audit Committee subject to criteria specified hereunder.
- d) Omnibus approvals shall be granted based on the following:
  - i. Frequency of the transactions in the last 3 years;
  - ii. Volumes of transactions undertaken with such Related Party. The maximum value of the transactions, per transaction or in aggregate, per related party, shall not exceed the lower of the following –
    - (a) the threshold limit as provided under Para 7 of the Policy i.e. for Material Related Party Transactions under the Listing Regulations; or
    - (b) the threshold limit as provided under Para 8 of the Policy i.e. for Material Related Party Transactions under the Act, 2013.

iii. Such omnibus approval shall specify the following:

- (a) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
- (b) the indicative base price or current contracted price and the formula for variation in the price, if any;
- (c) The maximum transaction values and/or the maximum period for which the omnibus approval shall be valid; and
- (d) such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and the aforesaid details are not available, the Audit Committee may grant omnibus approval for Immaterial Transactions as defined above.

- iv. Where the Audit Committee is not convinced on the need for granting omnibus approvals, the Audit Committee may reject the proposal placed before it with reasonable explanation for the same.
- v. Notwithstanding the generality of foregoing, Audit Committee shall not grant omnibus approval for following transactions:
  - (a) Transactions which are not in ordinary course of business or not on arm's length basis;
  - (b) Transactions in respect of selling or disposing of the undertaking of the Company or its subsidiary;
  - (c) Transactions which are not in the interest of the Company or its subsidiary;
  - (d) Such other transactions specified under Applicable Law from time to time.

The Company shall place before the Audit Committee all information as prescribed under the applicable Industry Standards on "Minimum Information to be Provided to the Audit Committee and Shareholders for Approval of Related Party Transactions" while seeking review and approval of any Related Party Transaction ("RPT").

Provided that, where a transaction with a related party, either individually or taken together with previous transactions during a financial year (including transactions approved by way of ratification), does not exceed 1% of the annual consolidated turnover of the Company as per its last audited financial statements or Rupees Ten Crore (Rs. 10 crore), whichever is lower, the Company shall place before the Audit Committee the minimum information specified in Annexure 13A of the SEBI Master Circular dated January 30, 2026, as may be amended from time to time.

- e) Provided further that, the above information requirements shall not apply to transactions with a related party which, either individually or taken together with previous transactions during a financial year (including transactions approved by way of ratification), do not exceed Rupees One Crore (Rs. 1 crore),

- f) Where the Audit Committee has granted omnibus approval for certain transactions of the Company or its subsidiary, the transactions will be put for review before the Audit Committee quarterly in every financial year.
- g) Exceptions allowed under Applicable Laws to Related Party Transactions shall be exempted from the scope of this policy unless the Audit Committee decides otherwise.

## **II. Board of Directors**

- a) Transactions covered under Section 188 of Act, 2013 that are proposed to be undertaken not in ordinary course of business or not on an arm's length basis, shall require prior approval of Board. Where prior approval is not obtained, the same shall be ratified within 3 months from the date on which such contract or arrangement was entered into.
- b) If the Audit Committee determines that a Related Party Transaction should be brought before the Board, whether in view of internal pre-determined threshold (if any such decided) or otherwise or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, 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.
- c) The Directors interested shall abstain from participation in the discussion and shall not be present during discussion.
- d) The approval of the Board of Directors will be subject to following thresholds, except in case of transactions with Wholly-owned subsidiaries:
  - i. In case of transactions covered under Section 188, not exceeding the thresholds specified under Para 8 of the Policy unless the transaction is taken for prior approval of shareholders;
  - ii. In case of all related party transactions, not exceeding the threshold specified under Para 7 of the Policy unless the transaction is taken for approval of shareholders.
- e) If the Related Party Transaction needs to be approved at a general meeting of the shareholders by way of a resolution, the Board shall ensure that the same be put up for approval before the shareholders of the Company.

## **III. Shareholders**

- a) All the Material Related Party Transactions and material modifications thereto or cases where the Audit Committee and the Board determines that a Related Party Transaction should be brought before the Shareholders, and prior approval of shareholders through ordinary resolution shall be taken for such transactions, and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not:
- b) The notice being sent to the shareholders seeking approval for any RPT shall, in addition to the requirements under the Companies Act, 2013, include the information as part of the explanatory statement as specified in the Industry Standards on Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions.

Provided that if a transaction with a related party, whether individually or taken together with

previous transaction(s) during a financial year (including transaction(s) which are approved by way of ratification), do not exceed 1% of annual consolidated turnover of the Company as per the last audited financial statements of the Company of Rupees Ten Crores whichever is lower, the listed entity shall provide 'Minimum information to the Shareholders for approval of Related Party Transactions' specified in Annexure-13A of the SEBI Master Circular dated January 30, 2026, as may be amended from time to time.

Provided further that the above requirements, shall not be applicable to transaction(s) with a related party to be entered into individually or taken together with previous transactions during a financial year (including which are approved by way of ratification) which does not exceed Rs. One Crore.

- c) Any omnibus approval granted by the shareholders for Material Related Party Transactions at an annual general meeting shall be valid upto the date of the next general meeting of the Company, held within the timeline prescribed under section 96 of the Companies Act, 2013 and the rules, notifications or circulars issued thereunder, as amended from time to time

Provided further that where omnibus approval for Material Related Party Transactions is granted by the shareholders at a general meeting other than an annual general meeting, the validity of such omnibus approval shall not exceed a period of one year from the date of such approval.

## **B. Identification of Related Parties and Related Party Transactions**

a) The Compliance Officer shall at all times:

- i. identify the Company's Related Parties, along with their personal/ company details and compile a list thereof in accordance with the Listing Regulations and the Act based on such identification as well as the disclosures provided by the Directors and Key Managerial Personnel, the details provided by the CFO or any other person responsible for Accounts & Finance function of the Company and any other information available with the Company.
- ii. identify such managers, 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.
- iii. 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 (ii) above.
- iv. update the record of Related Parties whenever necessary and shall be reviewed at least once a year, as on 1st April every year.
- v. place before the Audit Committee, periodically, the record of Related Parties and the Designated Employees identified for reporting the Related Party Transactions.
- vi. ensure that Senior Management Personnel discloses to the Audit Committee relating to all material, financial and commercial transactions with Related Parties, where they have personal interest that may have a potential conflict with the interest of the listed entity at large.

- b) With regard to Immaterial Transactions (defined above), 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. The internal systems shall be placed before the Audit Committee and shall be circulated amongst all Designated Employees for effective monitoring of all Related Party Transactions whether Immaterial Transactions or otherwise.
- c) Each Director and Key Managerial Personnel is responsible for disclosing (and periodically updating) particulars of his/her relatives and his/her interest in any other entity either as Director and/or Member and/or Partner etc. Additionally, the Director and Key Managerial Personnel shall from time to time provide notice to the Board of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request.
- d) The Chief Financial Officer or any person responsible for Accounts & Finance function of the Company shall be responsible for identifying related party(ies) as per applicable Accounting Standards and reporting details of such related party(ies) to the Company Secretary.
- e) All functional team members responsible for entering into any contracts / arrangements on behalf of the Company shall prepare and route a fact sheet detailing brief particulars of contract and the contracting party (including names of Directors and major shareholder of such party) either to the Chief Financial Officer or the Compliance Officer. The Chief Financial Officer or the Compliance Officer, shall review the fact sheet to determine whether the contracting party is a related party and if so whether the proposed transaction is within the approved limit and accord their clearance or otherwise to the proposed contracts/ arrangements.
- f) The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance from the respective functional teams so that the Audit Committee/ Board has adequate time to obtain and review information about the proposed transaction and consider approvals.

### **C. Procedures for review and approval of Related Party Transactions by the Audit Committee**

- (a) Except otherwise provided hereunder, all Related Party Transactions or changes therein must be referred for prior approval by the Audit Committee in accordance with this Policy unless the approval is exempted pursuant to the provisions of applicable law. In cases where prior approval is not obtained, the Audit Committee may ratify such transactions, or may put forth the transactions before the Board along with its recommendations and the Board may either ratify such transactions or seek to avoid the same.
- (b) The Members of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.
- (c) Only those members of the Audit Committee, who are independent directors, shall approve Related Party Transactions.
- (d) To facilitate review of each Related Party Transaction for granting approval (whether specific or omnibus), the Audit Committee will be provided with all relevant information of the Related Party Transaction, including the purpose, terms and details of the transaction, the benefits, rights and obligations of the Company and the Related Party, and any other relevant information.

- (e) The Audit Committee will consider the following factors, among others, to the extent relevant to the appropriate Related Party Transaction:
- i. Whether the terms of the Related Party Transaction are fair and on arms-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 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 any Independent Director?
  - 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. Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company?
  - vi. What is the purpose of, and the potential benefits to the Company from the Related Party Transaction?
  - vii. What is the approximate amount of the Related Party's interest in the transaction without regard to the amount of any profit or loss? and
  - viii. 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 benefits arising therefrom to the Company or 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 deem relevant?
- (f) Where Related Party transactions have been entered into prior to such transactions being placed before the Committee reasoned explanation for the same must be received from the contracting employees to the satisfaction of the Audit Committee.
- (g) Related Party Transactions that are not in ordinary course of business but on arm's length basis may be recommended by the Audit Committee to the Board for its approval.
- (h) Related Party Transactions that are not on arm's length basis, irrespective whether the transactions are covered under Section 188 or not, shall not be approved by Audit Committee and shall be recommended to the Board for appropriate action.
- (i) The Audit Committee shall review the statement of all related party transactions on a quarterly basis.
- (j) The Audit Committee will undertake an evaluation of the Related Party Transaction. If that evaluation indicates that the Related Party Transaction would require the approval of the Board, or if the Board in any case elects to review any such matter, the Audit Committee will report the Related Party Transaction, together with a summary of material facts, to the Board for its approval.

#### **D. Standards for Review**

- (a) A Related Party Transaction reviewed under this Policy will be considered approved or ratified if it is authorized by the Audit Committee/ Board, as applicable, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction.
- (b) The Audit Committee/ Board will review all relevant information available to it about the Related Party Transaction. The Audit Committee/ Board, as applicable, may approve/ ratify/ recommend to the shareholders, the Related Party Transaction only if the Audit Committee/ Board, as applicable, determines in good faith that, under all of the circumstances, the transaction is fair as to the Company. The Audit Committee / Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction.

#### **E. Ratification of Related Party Transactions**

- (a) If prior approval of the Audit Committee/ Board/ General Meeting for entering into a Related Party Transaction is not feasible, then the Related Party Transaction may be ratified by the Audit Committee and the Board/ general meeting, if required, within 3 months of entering in the Related Party Transaction.
- (b) The members of the audit committee, who are independent directors, may ratify related party transactions within three 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:
  - i. the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
  - ii. the transaction is not material in terms of the provisions of sub-regulation (1) of regulation 23 of the Listing Regulations;
  - iii. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
  - iv. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of regulation 23 of the Listing Regulations;
  - v. any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction 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(s) concerned shall indemnify the Company against any loss incurred by it.

- (c) In any case where either the Audit Committee/ Board/ a general meeting determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee or Board or the general meeting, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee/ Board has authority to modify or waive any procedural requirements of this Policy.

- (d) In cases where a transaction is not ratified by the Board or, as the case may be, by the shareholders at a meeting within 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.
- (e) In determining whether to approve or ratify a Related Party Transaction, the Audit Committee/ Board will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favourable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Person's interest in the transaction.
- (f) No director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the director/ Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee/ Board.
- (g) If a Related Party Transaction will be ongoing, the Board/ Audit Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Board, on at least an annual basis, shall review and assess on-going relationships with the Related Party to ensure that they are in compliance with the Act and rules made thereunder, the Listing Regulations and this Policy and that the Related Party Transaction remains appropriate.
- (h) Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

#### **F. Determination of Ordinary Course of Business**

- (a) A transaction shall be deemed to be "in the Ordinary Course of Business" of the Company, if:
  - I. Any of the following conditions are met:
    - i. The transaction, including, but not limited to sale or purchase of goods or property, or acquiring or providing of services, conveying or accepting leases, transfer of any resources, hiring of any executives or other staff, providing or availing of any guarantees or collaterals, or receiving or providing any financial assistance, or issue, transfer, acquisition of any securities, is in the normal routine of the Company's business; or
    - ii. The transaction is in the nature of reimbursements, received or provided, from or to any related party, whether with or without any mark-up towards overheads, and is considered to be congenial for collective procurement or use of any facilities, resources, assets or services and subsequent allocation of the costs or revenues thereof to such related party in an appropriate manner;

AND

- II. The transaction is not-

- i. an exceptional or extra ordinary activity as per applicable accounting standards or financial reporting requirements;
  - ii. Any sale or disposal or any undertaking of the Company, as defined in explanation (i) to clause (a) of sub-section (1) of Section 180 of Companies Act, 2013.
- (b) In order to decide whether or not a contract or arrangement is being entered by the Company in its ordinary course, the Company shall consider whether such contract/ arrangement is germane to attainment of the main objects as set out in its Memorandum of Association.
- (c) The Company may also consider whether the transaction contemplated under the proposed contract or arrangement is either similar to contracts or arrangements which have been undertaken in the past, or, in the event that such transaction is being undertaken for the first time, whether the Company intends to carry out similar transactions in the future.
- (d) These are not exhaustive criteria and the Audit Committee may assess transactions, considering its specific nature and circumstances.

#### **G. Criteria for determination of Arms' length nature of the Related Party Transaction**

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:

- (a) 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.
- (b) The contracts/ arrangements have been commercially negotiated.
- (c) The pricing is arrived at as per the rule/guidelines that may be issued by or acceptable for the purpose of Ministry of Corporate Affairs, Government of India/ Income Tax Act, 1961, Securities and Exchange Board of India as applicable to any of the contract/ arrangements contemplated under the Companies Act, 2013, Rules framed thereunder or the Listing Regulations.
- (d) 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.
- (e) Further, in order to determine the optimum arm's length price, the Company may also apply the most appropriate method from any of the following methods as prescribed under Section 92C(1) of the Income Tax Act, 1961 read with Rule 10B of the Income Tax Rules, 1962 –
  - i. Comparable Uncontrolled Price method (CUP method)
  - ii. Resale Price Method
  - iii. Cost Plus Method
  - iv. Profit Split Method
  - v. Transactional Net Margin Method
  - vi. Other Method as prescribed by the Central Board of Direct Taxes.
- (f) Such other criteria as may be issued under applicable law.

- (g) The Audit Committee shall be entitled to rely on professional opinion or representation from the counter party in this regard.

## **H. Disclosures**

- (a) The Company is required to disclose Related Party Transactions covered under Section 188 of the Companies Act, 2013 in the Company's Board's Report as follows:
  - i. All Material Related Party Transactions under the Act as defined in Para 8 of the Policy; and
  - ii. All Related Party Transactions not entered into at arm's length basis
- (b) Details of all Material Related Party Transactions under the Listing Regulations shall be disclosed quarterly along with the Company's Compliance Report on Corporate Governance, in accordance with the the Listing Regulations.
- (c) Annual affirmations shall be provided in the format prescribed under the Listing Regulations to be submitted by the listed entity at the end of financial year (for the whole of financial year).
- (d) The Company shall disclose this Policy on its website and also provide web link to the same in its Annual Report.
- (e) The Company shall disclose the necessary details in the Annual Report as provided under Para A of Schedule V of the Listing Regulations.
- (f) As applicable, the Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website:
- (g) The Company shall keep one or more registers as specified under applicable law giving the particulars of all contracts or arrangements with any Related Party.

## **I. Approval of Material Related Party Transactions by Shareholders**

- (a) Material RPTs shall require prior approval of shareholders through ordinary resolution and all the entities falling under the definition of related parties, irrespective of whether the entity is a party to the particular transaction or not, shall abstain from voting on the relevant transaction.
- (b) The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 of the Act, 2013 shall contain all the relevant information and disclosures as required under Applicable Laws.

The explanatory statement contained in the notice sent to the shareholders for seeking their approval for an RPT shall provide the disclosures/information, as may be specified in the Applicable Laws, specifically the ISN, as amended from time to time, so as to enable the shareholders to take a view whether the terms and conditions of the RPT are favorable to the listed entity including but not limited to following:

- i. Information as placed before the Audit Committee, to the extent applicable.

- ii. Justification as to why the proposed transaction is in the interest of the listed entity.
- iii. Disclose the fact that the Audit Committee had reviewed the certificate provided by the CEO or CFO or any other KMP as well as the certificate provided by the promoter directors of the Listed Entity, if any, required under applicable laws.
- iv. Disclosure that the material RPT or any material modification thereto, has been approved by the Audit Committee and the Board of Directors recommends the proposed transaction to the shareholders for approval.
- v. Provide web-link and QR Code, through which shareholders can access the valuation report or other reports of external party, if any Considered by Audit Committee while approving the RPT.
- vi. The Audit Committee and Board of Directors, while providing information to the shareholders, can approve redaction of commercial secrets and such other information that would affect competitive position of listed entity and affirm that, in its assessment, the redacted disclosures still provides all the necessary information to the public shareholders for informed decision making.
- vii. Any other information that may be relevant.

The Minimum Information for approval of Related Party Transaction as mentioned in Industry Standards Note on RPT will be applicable on case to case basis as per the Nature of Transaction.

- (c) Where obtaining of prior approval is not possible, the transactions shall be subject to ratification within three months from the date on which such contract or arrangement was entered into.
- (d) All Material RPTs under the Listing Regulations and any material modification thereto shall require prior approval of the shareholders through ordinary resolution and all the entities falling under the definition of related parties, irrespective of whether the entity is a party to the particular transaction or not, shall not vote to approve the relevant transaction.
- (e) To facilitate review of an RPT, shareholders shall be provided with necessary information to the extent relevant, with respect to actual or potential RPTs prescribed under the Listing Regulations.

## **J. Policy Review**

The amendments arising out of SEBI circulars on Industry Standards for Related Party Transactions, as may be amended from time to time, shall be applicable from such dates as may be specified by SEBI from time to time.

Any Related Party Transaction approved prior to the effective date of such amendments shall continue to be governed by the provisions applicable at the time of approval, unless material modification is proposed thereafter.

This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modifications, amendments or supplementations to the Listing Regulations or as may be otherwise prescribed by the Audit Committee/ Board from time to time. The Policy shall be mandatorily reviewed by the Board of Directors at least once every three years, and updated accordingly.

**Schedule XII:**

**Related Party Transactions**

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 exceeds the following:

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

**Explanation:** For the purpose of computing the thresholds stated above, the annual consolidated turnover of the listed entity shall be determined based on the last audited financial statements of the listed entity.

<b>Illustration 1. For listed entities in (II)</b>	
If the annual consolidated turnover of a listed entity is Rs. 30,000 Crore	Rs. 2,000 Crore + 5% of the remaining Rs. 10,000 Crore = Rs. 2,500 Crore.
<b>Illustration 2. For listed entities in (III)</b>	
If the annual consolidated turnover of a listed entity is Rs. 50,000 Crore	Rs. 3,000 Crore + 2.5% of the remaining Rs. 10,000 Crore = Rs. 3,250 Crore.
<b>Illustration 3. For listed entities in (III)</b>	
If the annual consolidated turnover of a listed entity is Rs. 1,50,000 Crore	Rs. 3,000 Crore + 2.5% of the remaining Rs. 1,10,000 Crore = Rs. 5,750 Crore.  However, threshold for material related party transaction would be Rs. 5,000 Crore as it is lower than Rs. 5,750 Crore.