

**HINDUJA VENTURES LIMITED
RELATED PARTY TRANSACTIONS ('RPT') POLICY**

Adopted by the Board of Directors on September 23, 2014 pursuant to the Listing Agreement and amended by the Board of Directors on February 11, 2016 in order to align with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors on March 27, 2019 has further amended this policy in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended from time to time.

1. Introduction

This policy is framed by Hinduja Ventures Limited (hereinafter referred to as "HVL") pursuant to Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time.

2. Definitions

- i. **"Act"** means Companies Act, 2013 including any statutory modification or re-enactment thereof.
- ii. **"Audit Committee"** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Act and Regulation 18 of the Listing Regulations.
- iii. **"HVL"** means Hinduja Ventures Limited.
- iv. **"Board"** means Board of Directors of HVL.
- v. **"Material Related Party Transaction"** means a 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 the following thresholds:
 - a) In case of transactions involving payments made to a related party with respect to brand usage or royalty, if it exceeds 2% of the annual consolidated turnover of HVL as per the last audited financial statements of HVL;
 - b) In all other cases, if it exceeds 10% of the annual consolidated turnover of HVL as per the last audited financial statements of HVL.
- vi. **"Key Managerial Personnel" or "KMP"** means a KMP as defined under section 2(51) of the Act.
- vii. **"Related Party"** with reference to the Company, means:



a) a related party as defined under section 2(76) of the Act; or
b) a related party under the applicable Accounting Standards:
Provided that any person or entity belonging to the Promoter or Promoter group of HVL and holding 20% or more of shareholding in HVL shall be deemed to be a related party.

- viii. **“Related Party Transactions” or “RPT”** means a transaction between HVL and a related party which is of the nature specified in sub-clause (a) to (g) of section 188(1) of the Act or is a related party transaction under Regulation 2(1) (zc) of the Listing Regulations.
- ix. **“Listing Regulations”** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

All other words and expressions used but not defined in this policy, but defined in the Act, the Listing Regulations, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 shall have the same meaning as respectively assigned to them in such Acts or Rules or Regulations or any statutory modification or re-enactment thereto, as the case may be.

3. Transactions between HVL and Related Parties and Materiality Threshold

The transactions between HVL & Related Parties shall be entered into in such a manner that is compliant with the applicable provision of the Act and Regulation 23 of the Listing Regulations.

As per Regulation 23(1) of the Listing Regulations, the listed entity shall formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors.

Accordingly, Board has prescribed the materiality thresholds as below for related party transactions beyond which approval of the shareholders through a resolution shall be required.

- 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 HVL as per the last audited financial statements of HVL.
- 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 2% of the annual consolidated turnover of HVL as per the last audited financial statements of HVL.

4. Internal processes in regard to Related Party Transactions (RPTs)

The Company shall, with the approval of the Board, establish appropriate internal processes for the purpose of identification of Related Parties and any transactions with them, determination of whether the transaction(s) is in the ordinary course of business, whether the transaction(s) is on an arm's length basis, monitoring “materiality” threshold, and other relevant matters to ensure adherence to this policy in entering into transactions with Related Parties.

In dealing with RPTs, the Company will follow the following process:



A. Identification of RPTs

- i. All RPTs must be brought to the notice of the Audit Committee of the Company.
- ii. Any employee of the Company who is aware of any transaction that is or may be perceived to be a RPT is required to bring the same to the attention of the Audit Committee of the Company through the Company Secretary.
- iii. Directors and Key Managerial Personnel (KMPs) are responsible for informing the Company Secretary of their interest (including interest of their Relatives) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the financial year.
- iv. In addition, all Directors, and KMPs are responsible for providing information through notice to the Company Secretary of any potential RPT involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request.

The Company would prefer to receive such notice of any potential RPTs in advance so that the Audit Committee/Board/Company Secretary has sufficient time to review information provided regarding the proposed transactions.

B. Approval of RPTs

i. Approval of the Audit Committee

All RPTs shall require prior approval of the Audit Committee.

However, the Company can obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- a) The Audit Committee shall, subject to the approval of the Board of Directors, lay down the criteria for granting the omnibus approval in accordance with the provisions of the Act and the Rules made thereunder.
- b) The Audit Committee while granting omnibus approval shall consider the repetitiveness of the transactions (in past or in future) and justification for the need of such approval.
- c) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the best interest of the Company.
- d) The omnibus approval shall provide details of (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price/current contracted price and the formula for variation in the price if any, and (iii) such other conditions as the Audit Committee may deem fit.
- e) However, in case of RPTs which cannot be foreseen and where the above details are not available, the Audit Committee may grant omnibus approval provided the value of RPT does not exceed INR. 1 Crore per transaction.



- f) The Audit Committee 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.
- g) The omnibus approval shall be valid for a period of 1 (one) financial year and shall require fresh approvals after the expiry of such financial year.
- h) Omnibus approval shall not be made for transactions in respect of selling or disposing of the assets of the undertaking of the Company.
- i) Any other conditions as the Audit Committee may deem fit.

ii. Approval of the Board of Directors of the Company

- a) As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said section and which are not in the ordinary course of business or not at arm's length basis or both, are placed before the Board for its approval.
- b) In addition to the above, the following kinds of transactions with related parties are also to be placed before the Board for its approval:
 - RPTs 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 with reasons;
 - RPTs which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view require Board approval.
 - RPTs which are intended to be placed before the shareholders for approval.

iii. Approval of the Shareholders of the Company

- a) All Material RPTs shall be placed before the shareholders for approval and no related party shall vote to approve on such resolution whether the entity is related party to the particular transaction or not.
- b) All RPTs pursuant to section 188 of the Act which are not in the ordinary course of business and / or not an arms' length basis and which crosses the threshold limits prescribed under the Act and rules made thereunder, shall also require the approval of shareholders of the Company.

iv. RPTs that shall not require approval of Audit Committee and Shareholders

- a) As per Listing Regulations, prior approval of the Audit Committee for all RPTs and approval of shareholders for Material RPTs would not be required for RPT entered by HVL with its Wholly Owned Subsidiaries, whose accounts are consolidated with the accounts of HVL and placed before the shareholders of HVL at the general meeting for approval.
- b) As per Listing Regulations, approval of shareholders would not be required for Material RPTs in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code 2016, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.



- c) As per the Act, prior approval of the Audit Committee for all RPTs other than transactions referred to in section 188 of the Act would not be required; and approval of Shareholders would not be required for RPTs referred to in section 188 of the Act which are not in the ordinary course of business and / or not on Arms' length basis and which crosses the threshold limits prescribed under the Act and rules made thereunder, entered by HVL with its Wholly Owned Subsidiaries, whose accounts are consolidated with the accounts of HVL and placed before the shareholders of HVL at the general meeting for approval.

v. **Ratification by Board and/or Shareholders of the Company**

Where any contract or arrangement is entered into by a Director or any other employee, without obtaining the consent of the Board or Shareholders pursuant to Section 188(1) of the Act and if is not ratified by the Board and/or Shareholders within 3 months from the date of contract or arrangement, such contract or arrangement shall be voidable at the option of the Board.

If such contract or arrangement is with related party to a Director or is authorized by any Director, the Directors concerned shall indemnify against any loss incurred.

5. **Reporting and Disclosure(s)**

Disclosures with respect to RPT shall be made as per applicable provisions of Act and/or Listing Regulations. The Company shall disclose the RPT Policy on its website and a web-link thereto shall be provided in the Annual Report.

6. **Amendments**

The RPT policy will be reviewed, approved and amended if required from time to time at least every 3 years.

In the event of any conflict between the provisions of this Policy and of Act / Listing Regulations or any other statutory enactments, rules, the provisions of such Act / Listing Regulations or statutory enactments, rules shall prevail over this Policy.

7. **Applicability**

The above amended policy will be applicable to HVL with effect from **1st April, 2019**.

