



ROSSELL INDIA LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

INTRODUCTION

The Policy on Related Party Transaction was adopted by the Board at its Meeting held on 30th March, 2015. The said Policy has been amended by the Board at its Meeting held on 24th May, 2019 in line with the amendments made to the SEBI (LODR) Regulations, 2015 vide SEBI Notification No. SEBI/LAD-NRO/GN/2018/10 dated 9th May 2018. The revised Policy shall supersede the earlier policy and shall have retrospective effect from 1st April, 2019.

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.

“Audit Committee” means the Committee of the Board formed under Section 177 of the Act and Regulation 18 of Listing Regulations.

“Board” means the Board of Directors of the Company

“Key Managerial Personnel” (“KMP”) includes

- I. The Managing Director/ The Chief Executive Officer or the Manager;
- II. Any Whole-time Director(s);
- III. The Company Secretary;
- IV. The Chief Financial Officer

“Related Party”, with reference to a Company, shall have the same meaning as defined in Section 2(76) of the Companies Act, 2013 and Regulation 2(zb) of Listing Regulations.

“Related Party Transaction” means-

- i. for the purpose of the Act, specified transaction mentioned in clause (a) to (g) of sub-section 1 of Section 188;

ii. for the purpose of Regulation 23 and defined under Regulation 2(zc) of Listing Regulations, any transaction involving any Related Party which is a transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged.

TRANSACTION WITH RELATED PARTIES AND MATERIALITY THRESHOLD

Transactions between the Company and Related Parties shall be entered into in the manner that is compliant with the applicable provisions of the Companies Act, 2013 and Regulation 23 of SEBI Listing Regulations.

All Material Related Party Transactions shall be placed for approval of the shareholders of the Company.

Materiality Threshold:

The following transactions with the Related Party (ies) shall be treated as "Material":

- i) **Any transaction / transactions to be entered into individually or taken together with previous transactions during a Financial Year which exceeds 10% of the annual consolidated turnover of the Company as per the last consolidated audited financial statements of the Company.**
- ii) **Any transaction involving payments to a related party with respect to brand usage or royalty entered into individually or taken together with previous transactions during a financial year which exceeds 2% of the annual consolidated turnover of the Company as per the last audited consolidated financial statements of the Company.**

PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION

I. Approval of the Audit Committee

- 1) All related party transactions will be placed for prior approval of the Audit Committee.
- 2) The Company may obtain omnibus approval from the Audit Committee for related party transactions proposed to be entered into by the Company based on the criteria as approved by the Board of Directors, from time to time, subject to the following conditions:
 - i. The Audit Committee shall satisfy itself that the transactions are repetitive in nature and that such approval is in the interest of the company;
 - ii. The Omnibus approval shall provide:-

- 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/current contracted price and any probable variation thereto;
- c) such other conditions as the Audit Committee may deem fit;

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such amounts as may be considered as appropriate.

- 3) The Audit Committee shall review, atleast on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given; and
- 4) Such omnibus approval shall be valid for a maximum period not exceeding one financial year and shall require fresh approval after expiry of such financial year.

II. Approval of the Board of Directors of the Company

All transactions specified under Section 188 of the Act and which are not in the ordinary course of business or not at an arm's length basis, will be placed before the Board for its approval.

III. Approval of the Shareholders of the Company

- i. All the transactions with related parties, meeting the materiality thresholds shall be placed before the shareholders for approval.
- ii. For this purpose, all entities falling under the definition of related parties shall not vote to approve irrespective of whether the entity is a party to the particular transaction or not.
- iii. In addition to the above, all transactions specified under Section 188 of the Act which are not in the ordinary course of business or at arm's length basis and exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014, as amended, are to be placed before the shareholders for its approval.
- iv. As provided in Regulation 23 of Listing Regulations the requirement for seeking shareholders' approval shall not be applicable to transactions between the Company and its wholly owned subsidiary (ies) whose accounts are consolidated with the Company and placed before the shareholders for approval.

DISCLOSURES

- i. The Company shall also disclose, in the Board's Report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in the ordinary course of business or not on an arm's length basis along with the justification for entering into such transaction.
- ii. In addition to the above, the Company shall also provide details of all related party transactions meeting the materiality threshold, on a quarterly basis along with the compliance report on Corporate Governance to the stock exchanges.
- iii. The Company shall on half yearly basis submit within 30 days from the date of publication of its standalone and consolidated financial results, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

AMENDMENTS

This Policy may be amended, modified or substituted by the Audit Committee subject to the approval of the Board. In case of any amendment to the provisions relating to related parties in the Act and the Rules made thereunder or the Listing Regulations, this Policy shall stand amended/modified accordingly. However the policy has to be reviewed at least once in every three years.