



## 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 30<sup>th</sup> March, 2015. The said Policy has been amended by the Board at its Meeting held on 24<sup>th</sup> May, 2019 in line with the amendments made to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') vide SEBI Notification No. SEBI/LAD-NRO/GN/2018/10 dated 9<sup>th</sup> May 2018. The Policy has further been amended by the Board at its Meeting held on 3<sup>rd</sup> August, 2021 to comply with the changes brought in by SEBI vide another Notification No. SEBI/LAD-NRO/GN/2019/22 dated 27<sup>th</sup> June 2019.

In view of sixth amendment to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended vide SEBI notification no. SEBI/LAD-NRO/GN/2021/55 dated 9<sup>th</sup> November, 2021, the Policy has been revised further by the Board of Directors at its Meeting held on 27<sup>th</sup> May, 2022.

The revised Policy shall have retrospective effect from **1<sup>st</sup> April, 2022**.

### 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 SEBI 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 SEBI 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;



## CONTINUATION



ii. for the purpose of Regulation 23 read with Regulation 2(zc) of SEBI Listing Regulations.

**Material Modification** means any modification to an existing Related Party Transaction having a variance of 20% of the existing limit as approved by the Audit Committee of the Board or Shareholders of the Company, as the case may be.

### 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 and subsequent material modifications as defined by the Audit Committee shall be placed for the prior approval of the Shareholders of the Company through resolution and no Related Party of the Company shall vote to approve such resolutions whether the Company is a Related Party to the particular transaction or not.

Provided that no such prior approval of the Shareholders of a Company shall be required for a Related Party Transaction to which its Listed Subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of SEBI Listing Regulation are applicable to such Listed Subsidiary.

#### 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 for sale of any goods, materials or services during a Financial Year which exceeds 10% of the Annual Turnover of the Company as per the last audited financial statements of the Company.
- ii) Any transaction / transactions to be entered into individually or taken together with previous transactions involving purchase and sale of any Property during a Financial Year which exceeds 10% of the net worth of the Company as per the last audited financial statements of the Company.
- iii) Any transaction / transactions to be entered into individually or taken together with previous transactions involving leasing of Property of any kind during a Financial Year which exceeds 10% of the Annual Turnover the Company as per the last audited financial statements of the Company.
- iv) 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 5% of the Annual consolidated Turnover of the Company as per the last audited financial statements of the Company.
- v) Any transaction / transactions to be entered into individually or taken together with previous transactions during the financial year, exceeds Rupees one thousand crore or 10% of the Annual consolidated Turnover of the Company as per the last audited financial statements of the Company, whichever is lower;





**PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION**

**I. Approval of the Audit Committee**

- 1) All Related Party transactions and subsequent material modifications will be placed for prior approval of the Audit Committee.

Provided that no such prior approval shall be required for transactions entered into by the Company with its Wholly Owned Subsidiary, whose accounts are consolidated with that of the Company for placing the same before the Shareholders of the Company for approval in the General Meeting.

Provided further that no such prior approval of the Audit Committee of the Company shall be required for a Related Party transaction to which Company's Listed Subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of SEBI Listing Regulation are applicable to such Listed Subsidiary.

- 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 transactions subject to their value not exceeding Rupees One Crore per transaction.

- 3) 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; 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.
- 5) A Related Party Transaction entered into by the Company, which is not under the Omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.



## CONTINUATION



- 6) The Audit Committee of the Company shall pre-approve the Related Party transactions, where the Company is not a party, but the Company's Subsidiary is a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the Annual Consolidated Turnover, as per the last audited financial statements of the Company.
- 7) with effect from April 1, 2023, the Audit Committee of the Company shall pre-approve the Related Party transactions, where the Subsidiary of a 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 ten per cent of the Annual standalone Turnover, as per the last audited financial statements of such Subsidiary Company.

### II. Approval of the Board of Directors of the Company

All Related Party transactions as specified under Section 188 of the Act and Under SEBI Listing Regulations 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 prior approval.

### III. Approval of the Shareholders of the Company

- i. All the transactions with related parties, meeting the materiality thresholds and subsequent Material Modification as define by the Audit Committee of the Board shall be placed before the Shareholders for the prior 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 SEBI Listing Regulations the requirement for seeking Shareholders' approval shall not be applicable to transactions between the Company and its Wholly Owned Subsidiary whose accounts are consolidated with the Company and placed before the Shareholders for approval in the General Meeting.

## 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.





## CONTINUATION

- 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 such period as may be prescribed from time to time under Regulation 23(9) of the SEBI Listing Regulations, disclosures of Related Party transactions on a Standalone and Consolidated Basis, in the format specified by the Stock Exchanges and also publish the same on its website.

## AMENDMENTS

This Policy may be amended, modified or substituted by the Board at any time in future. However, in case of any amendment to the provisions relating to related parties in the Companies Act, 2013 and the Rules made thereunder or the SEBI Listing Regulations, this Policy shall stand amended/modified accordingly. In any case, the policy shall be reviewed at least once in every three years.

