

**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND  
ON DEALING WITH RELATED PARTY TRANSACTIONS**

**Amended on 14.02.2020**

## **1. Scope of the Policy**

Authum Investment and Infrastructure Limited (herein after referred to as “Authum” or “the Company”) shall engage with Related Parties in the ordinary course of business and on an arm’s length basis to leverage scale, size and drive operational synergies to provide value added, innovative products to its consumers while ensuring that transactions with Related Parties are, fully compliant with applicable Regulations.

## **2. Objective of the Policy**

The Board of the Company, after considering the recommendation of the Audit Committee, has adopted this Policy and associated procedures with regard to Related Party Transactions, in line with the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations, 2015’) as amended from time to time, respectively.

This Policy is intended to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties. This Policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions.

## **3. Definitions and Applicability**

All capitalised terms used in this Policy document but not defined herein shall have the meaning ascribed to such term in the Companies Act, 2013 and the Rules made there under and the Listing Regulations, 2015, as amended from time to time.

The Audit Committee of the Company shall review all Related Party Transactions as a matter of good governance and suggest such actions, if required, that are consistent with the approach outlined in this Policy namely of executing Related Party Transactions that are in the ordinary course of business and at arm’s length.

## **4. Dealing with Related Party Transactions**

Related Party Transactions are prohibited, unless approved or ratified by the Audit Committee and / or the Board of Directors of the Company in accordance with this Policy. In dealing with Related Party Transactions, the Company will follow the following approach:

### **I. Identification of Related Party Transactions**

All Related Party Transactions must be brought to the notice of the Audit Committee of the Company.

Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Audit Committee of the Company through Company Secretary.

All Directors, Members of the Management Committee and Key Managerial Personnel (KMPs) are responsible for informing the Company 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 year. In addition, all Directors, Members of the Management Committee and KMPs are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction is in the ordinary course of business and on an arm's length basis. Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and to refer it to the Audit Committee.

## **II. Review and Approval of Related Party Transactions**

All Related Party Transactions shall be approved or ratified by the Audit Committee of the Company in accordance with this Policy.

Unless otherwise stated in this Policy, all Related Party Transactions require prior approval of the Audit Committee of the Company. All Related Party Transactions must be reported to the Company Secretary who shall submit the same for approval or ratification by the Audit Committee in accordance with this Policy.

The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval which shall include the following, namely:

- i. Maximum value of transactions, in aggregate, which can be allowed under the omnibus route in a year;
- ii. Maximum value per transaction which can be allowed;

- iii. Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
- iv. Review of RPTs at such intervals as the Audit Committee may deem fit, entered into by the Company pursuant to each of the omnibus approval made;
- v. Transactions which cannot be subject to omnibus approval by the Audit Committee.

Based on the aforementioned criteria, the Audit Committee may, in the interest of the conduct of affairs of the Company, grant omnibus approval to Related Party Transactions that are repetitive in nature.

Such omnibus approval will be granted to the transactions which, in addition to meeting the above criteria, also satisfy the following considerations:

- (a) The transaction in question is necessary to be executed as it is in the business interest of the Company;
- (b) The requisite information is presented to the Audit Committee's satisfaction, to confirm that the transaction is at Arm's Length and in Ordinary course of business;
- (c) Such omnibus approval shall specify
  - 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 value and the formula for variation in the value, if any and
  - iii. such other conditions as the Audit Committee may deem fit;

Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

The Audit Committee shall, on quarterly basis, review the details of the Related Party Transactions entered into by the Company pursuant to the omnibus approval.

In an unforeseen event where a Related Party Transaction, for which Omnibus approval has not been given by the Audit Committee, needs to be entered due to business exigencies between two Audit Committee meetings, the Audit

Committee may approve such Related Party Transaction by passing a resolution by circulation, after satisfying itself that such transaction is in the interest of the Company.

Ratification, if any, of a Related Party Transaction after its commencement or completion will be approved by the Audit Committee in exceptional circumstances only.

A Related Party Transaction entered into without prior approval of the Audit Committee shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee for ratification as promptly as reasonably practical after it is entered into and such transaction is ratified.

Any Member of the Audit Committee, who has a potential interest in any Related Party Transaction, will recuse himself or herself and abstain from voting on the approval or ratification of such Related Party Transaction. Such Member may, however, participate in discussions with respect to other Related Party Transactions placed for approval or ratification of the Audit Committee.

All Related Party Transactions that are not in the ordinary course of business or not on arm's length basis shall be referred to the Board of Directors for their approval. Any Member of the Board who has a potential interest in such Related Party Transaction will recuse himself or herself and abstain from voting on the approval of such Related Party Transaction. Such Member may, however, participate in discussions with respect to other Related Party Transactions placed for approval of the Board.

Any such Related Party Transactions shall also be placed for prior approval of shareholders if it exceeds the thresholds as prescribed under the Companies Act, 2013 and rules made there under and the Listing Regulations, 2015.

All entities falling under the definition of Related Parties shall not vote to approve the Related Party Transaction irrespective of whether the entity is a party to the particular transaction or not.

### **III. Related Party Transactions that shall not require Approval**

Following transactions shall not require separate approval under this Policy:

- a. Any transaction pertaining to appointment and remuneration of Directors and KMPs that has already been approved by the Nomination and Remuneration Committee of the Company or the Board;

- b. Transactions that have been approved by the Board under the specific provisions of the Companies Act 2013, e.g. inter-corporate deposits, borrowings, investments with or in wholly owned subsidiaries or other Related Parties;
- c. Payment of Dividend;
- d. Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off, approved by the Board and carried out in accordance with the specific provisions of the Companies Act, 2013 or the Listing Regulations, 2015;
- e. Contribution to Corporate Social Responsibility (CSR) obligations, subject to approval of CSR Committee and within the overall limits approved by the Board of Directors of the Company.

## **5. Material Related Party Transactions**

All Material Related Party Transactions shall be placed for prior approval of shareholders through resolution. The Company has fixed the following materiality threshold for the purposes of Companies Act, 2013 and SEBI Listing Regulations, 2015:

- a. Transactions with a Related Party covered under Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, shall be governed by the respective limits provided under the said rules.
- b. For other type of transactions with a Related Party, the materiality threshold shall be 10% of the annual consolidated turnover of the Company as per its last audited financial statements.
- c. For payment to a Related Party with respect to brand usage or royalty, materiality threshold shall be as per limits specified under the Listing Regulations, 2015 as amended from time to time.

Related Party Transactions Policy on materiality and its threshold limits shall be reviewed by the Board of Directors of the Company once in every three years and updated accordingly.

## **6. Disclosure(s)**

Details of all Related Parties Transactions on a standalone basis shall be disclosed, on a half yearly basis, along with the half yearly standalone financial statements, to the Stock Exchanges.

The Company shall disclose the Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions on its website and provide weblink in the Annual Report. In addition to the disclosures required under Accounting Standard, Related Party Transactions that are not at arm's length basis and Material Related Party Transactions that are at arm's length or such other transactions as may be statutorily required, shall be disclosed in the Annual Report of the Company.

## **7. Amendments to the Policy**

The Audit Committee of the Company shall review the Policy atleast once in three years and may amend this Policy from time to time, subject to the approval of the Board of Directors of the Company.

Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

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