



**One 97 Communications Limited**

**Policy on Related Party Transactions**

**Version 4.0**

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## Policy on Related Party Transactions

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### 1. Background

In pursuance of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) and other applicable provisions (including any statutory enactments / amendments thereof), the Board of Directors of One 97 Communications Limited (“**Company**”) has approved the adoption of this policy for conducting / entering into Related Party Transaction(s) (as defined in clause 3 below) with appropriate governance (the “**Policy**”).

### 2. Purpose

The provisions of Section 177 and 188 of the Companies Act, 2013 (“**Companies Act**”), as amended from time to time, the rules and schedules framed thereunder, and Regulation 23 of the SEBI Listing Regulations, require companies to have transparency and due process for approval of related party transactions.

Accordingly, the Company has framed this Policy on Related Party Transactions (“**Policy**”) with the intent to ensure the compliance with applicable laws and Regulations, proper approval and reporting requirements of related party transactions.

### 3. Definitions

- 3.1. “**Accounting Standard**” means standards of accounting as defined under Section 2(2) of the Companies Act or under any other applicable laws.
- 3.2. “**Associate**” means any entity which is an associate under sub-section (6) of section 2 of the Companies Act or under the applicable accounting standards, as amended from time to time”
- 3.3. “**Arm’s length transaction**” means a transaction between two related parties that is conducted as if they were unrelated, such that there is no conflict of interest.
- 3.4. “**Audit Committee**” means Audit Committee constituted by the Board, from time to time, under Section 177 of the Companies Act and the SEBI Listing Regulations.
- 3.5. “**Board of Directors**” or “**Board**” means the board of directors of the Company, as constituted from time to time.
- 3.6. “**Company**” means One 97 Communications Limited.
- 3.7. “**Key Managerial Personnel**” means the Managing Director, Chief Executive Officer, the Company Secretary, the Chief Financial Officer and such other officers/employees of the Company as defined in Section 2(51) of the Companies Act.
- 3.8. “**Material Related Party Transaction**” means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds INR 1,000 Crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

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, exceeds five percent of the annual consolidated turnover of the Company as per its last audited financial statements.

**3.9. “Material Modification”** In case of any Related Party Transaction, any commercial change which results in either:

- (a) reduction in the revenue by 10 % or more of the overall amount approved by Audit Committee, Board or Shareholders, as the case may be or INR 100 crores, whichever is higher, or;
- (b) increase in the cost by 10% or more of the overall amount approved by Audit Committee, Board or; Shareholders, as the case may be or INR 100 crores, whichever is higher, or;
- (c) changes in the core nature of such transaction.

**3.10. “Ordinary course of business”** includes but is not limited to activities that are necessary, normal, and incidental to the business of the Company. The ordinary course of business covers the usual transactions and practices related to the business and following factors are indicative of a transaction being in the ordinary course of business:

- The transaction(s) is normal or otherwise unremarkable for the business; or
- The transaction(s) that are part of the standard industry practice, even though the Company may not have done it in the past or
- The transaction follows a historical pattern or occurs with regular frequency.

These are not exhaustive criteria, and the Company will assess each transaction considering its specific nature and circumstances.

**3.11. “Related Party”** means a related party as defined under sub-section (76) of section 2 of the Companies Act or under the applicable Accounting Standards, each as amended from time to time:

Provided that:

- a) any person or entity forming a part of the promoter or promoter group of the Company; or
- b) any person or any entity, holding equity shares of ten per cent or more in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, at any time, during the immediate preceding financial year shall be deemed to be a related party.

**3.12. “Relative”** with reference to any person, means anyone who is related to another person as defined under Section 2(77) of the Companies Act and applicable Accounting Standards.

**3.13. “Related Party Transaction”** means the transaction as prescribed under Regulation 2(1)(zc) of SEBI Listing Regulations and Section 188 of the Companies Act.

**3.14. “Subsidiary”** shall mean a subsidiary as defined under Section 2(87) of the Companies Act.

**3.15. “Transaction”** with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, the SEBI Listing Regulations, applicable Accounting Standards or any other applicable regulation.

#### **4. Identification of related party transactions**

- 4.1 Every Director and Key Managerial Personnel shall, as may be applicable to them, provide a declaration containing the necessary details of related parties covered in the definition of related party and relatives to the Company Secretary upon their appointment and on an annual basis, at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made then, within 30 days or at the first Board meeting held after such change, in the prescribed manner .
- 4.2 Also, provide declarations within 30 days if there has been a change in the details from the last declaration made under this Policy.
- 4.3 The Finance Head and Company Secretary are responsible for identification of the potential related party transactions and to initiate the process to obtain the necessary approvals of the Audit Committee/Board/Shareholders.
- 4.4 The concerned business or other support team's Head is responsible to intimate the finance head and Company Secretary about the transaction proposed to be undertaken.
- 4.5 Further, the respective business head/Finance head is responsible for providing additional information about transactions that the Audit Committee / Board may request, for being placed before the Audit Committee / Board.

#### **5. Dealing with related party transactions**

The Board shall fulfil the function of monitoring and managing potential conflicts of interest of management, Board and shareholders, including misuse of corporate resources and abuse in related party transactions.

The Company shall comply with applicable provisions of the SEBI Listing Regulations, Companies Act and Rules made there under and other applicable law in force from time to time in dealing with Related Party Transactions.

#### **6. Approval Process**

##### **6.1. Audit Committee**

Subject to provision of clause 7 of this policy, all Related Party Transactions of the Company, whether material or not, and any modification therein, shall require prior approval of the Audit Committee.

Further, only those members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions.

The Finance Head of the Company shall provide to the Audit Committee all relevant material information of all Related Party Transaction(s), including the terms of the transaction(s), the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters inter alia including the following:

- (i) the name of the related party and nature of relationship;
- (ii) the nature, duration of the contract and particulars of the contract or arrangement;
- (iii) the material terms of the contract or arrangement including the value, if any;
- (iv) any advance paid or received for the contract or arrangement, if any;
- (v) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- (vi) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors;
- (vii) Whether the transaction is at arm's length, in ordinary course of business and whether the same are in the interest of the company and
- (viii) any other information relevant or important for the Committee to take a decision on the proposed transaction.

In determining whether to approve a Related Party Transaction, the Audit Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- (i) Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- (ii) Whether the Related Party Transaction would affect the independence of the Director/KMP;
- (iii) Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction; and
- (iv) Whether the Related Party Transaction is in the nature of conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director or other Related Party, the direct or indirect nature of the Directors, Key Managerial Personnel or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.
- (v) Whether there are any compelling business reasons / rationale for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- (vi) 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.

Subject to the provisions of the applicable laws, the Audit Committee will have the discretion to approve /modify /recommend/ refer the proposed Related Party Transaction for the approval of the Board or shareholders.

In the event such a transaction, contract or arrangement is not in the ordinary course

of business or at arm's length, the Company shall comply with the applicable laws including provisions of the Companies Act and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.

#### **6.1.1 Omnibus approval by Audit Committee**

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- (i) The Audit Committee shall lay down the criteria for granting an omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of Related Party Transactions which are repetitive in nature.
- (ii) The Audit Committee shall satisfy itself of the need for such omnibus approval and that such approval is in the interest of the Company;
- (iii) 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 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;
- (iv) 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 Rs.1 crore per transaction.
- (v) 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 approvals given.
- (vi) Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of the financial year.
- (vii) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- (viii) Any other conditions as the Audit Committee may deem fit.

#### **6.1.2 Related Party Transactions of Subsidiary companies:**

Related Party Transactions or any subsequent material modification therein, of subsidiary companies to which the Company is not a party, shall also require prior approval of the Committee, if the value of such transactions whether entered individually or taken together with previous transactions during a financial year exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the relevant subsidiary.

#### **6.2. Board of Directors**

The following Related Party Transaction(s) shall be approved by the Board by passing a resolution in this regard at a meeting of the Board:

- (a) sale, purchase or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company:

Provided that Board approval shall not be required for any of the above Related Party Transaction(s) to be entered into in the ordinary course of business and on an arm's length basis, in accordance with the provisions of the Companies Act, 2013.

Every Material Related Party Transaction (including but not limited to transaction mentioned above) and subsequent Material Modifications thereof requiring approval of shareholders shall be approved and recommended by the Board to the shareholders.

Where any director is interested in any contract or arrangement with a related party, such director shall recuse, abstain from voting & discussions on the subject matter of the resolution relating to such contract or arrangement.

### 6.3. Shareholders

All Related Party Transactions in excess of the limits prescribed under Section 188 of the Companies Act read with applicable rules, which are not in the ordinary course of business or not on an Arms' length basis shall require the prior approval of the shareholders through resolution and no member of the Company shall vote to approve such resolution, if such member is a related party.

- (i) Every Material Related Party Transaction and subsequent Material Modifications thereof as defined in Clause 3 of this Policy, shall require prior approval of the shareholders. No Related Parties shall vote to approve the relevant transaction, irrespective of whether they are party to the particular transaction or not.
- (ii) The notice being sent to the shareholders seeking approval for any proposed related party transaction shall include information as required under the Companies Act and the rules framed thereunder and the SEBI Listing Regulations read with the applicable SEBI Circulars, each as amended.
- (iii) The omnibus shareholders' approval of Material Related Party Transactions approved in an annual general meeting shall be valid up to the date of the next annual general meeting for a period not exceeding fifteen months. Further, in the case of omnibus approval for Material Related Party Transactions, obtained from shareholders in general meetings other than the annual general meeting, the validity of such omnibus approvals shall not exceed one year.

## 7. Exemption from applicability of the Policy

Notwithstanding the foregoing, but subject to the provisions of the applicable laws from time to time, this Policy shall not apply to the following Related Party Transactions and such Transactions shall neither require approval of Audit Committee nor approval of Shareholders:



- (i) Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval, except for the transactions covered under Section 188 of the Act.
- (ii) Transactions entered into between the two wholly owned subsidiaries of the Company whose accounts are: (a) consolidated with the Company and (b) placed before the shareholders of the Company at the general meeting for approval;
- (iii) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

## **8. Disclosure**

- (i) The Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report of the Company.
- (ii) The details of all transactions with related parties shall be submitted, in the format specified, half yearly to the Stock Exchanges, as per the manner and timelines set out in the SEBI Listing Regulations and the same shall be published on the Company's website.
- (iii) The details of Related Party Transactions shall be disclosed in the Annual report of the Company, to the Stock Exchanges and other regulatory bodies as per the provisions of Indian Accounting Standards, Companies Act, SEBI Listing Regulations or any other applicable laws and regulations.

## **9. Amendments**

The Board may amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy with or without changes in applicable laws. Any subsequent amendment/modification in the Companies Act or the rules framed thereunder or the SEBI Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

## **10. Scope and limitation**

In the event of any conflict between the provisions of this Policy and the Companies Act or SEBI Listing Regulations or any other statutory enactments, modification or rules, the provisions of SEBI Listing Regulations / Companies Act or statutory modification, enactments, rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to be severed from the Policy and the rest of the Policy shall remain in force.

## **11. Policy review**

The Board may, subject to applicable laws, amend, suspend or rescind this Policy at any time and in any case, the Policy shall be reviewed by the Board at least once every two years and updated accordingly. Any difficulties or ambiguities in the Policy will be resolved by the Board in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Related Party Policy.