

Policy on Related Party Transactions (RPT)

A. Applicability

This policy is formed as a part of Corporate Governance Framework as per requirement of Clause 49 of the Listing Agreement entered by the Company with the Stock exchanges in India and also in terms of Section 188 of the Companies Act, 2013 and the rules made thereunder.

B. Purpose

- To regulate transactions between the Company and its Related Parties with a view to ensure that such transactions are executed on an arm's length basis and in a transparent and fair manner.
- To seek necessary approvals of the AC/Board/shareholders as may be necessary, after providing necessary information to them in the prescribed manner.
- To outline the procedures for identification, review, approval, disclosure and reporting of such transactions.

This Policy shall supplement the Company's other policies in force that may be applicable to or involve transactions with Related Parties.

C. Definitions

- **“Associate Company”**, in relation to another company, means a company in which that other company has control of at least twenty percent of Authorized Share Capital, or of business decisions under an agreement, but which is not a subsidiary company of the company having such influence and includes a joint venture company.
- **“Audit Committee” or “AC”** means Committee of Board of Directors of the Company constituted under provisions of Listing Agreement and the Companies Act, 2013.
- The term **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- **“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013 and includes-
 - Managing Director, or Chief Executive Officer or manager and in their absence, a Whole time director;
 - Company Secretary; and
 - Chief Financial Officer
- **“Material Related Party Transaction”** means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceed ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company.
- **“Office or place of profit”** means any office or place –
 - where such office or place is held by a director, if the director holding it receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

- where such office or place is held by an individual other than a director or by any firm, private Company or other body corporate, if the individual, firm, private Company or body corporate holding it receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.
- **“Policy”** means Related Party Transaction Policy.
- **“Relative”** means relative as defined under Section 2(77) of the Companies Act, 2013
- **“Related Party”** means related party as defined in Clause 49 of the Listing Agreement which is as follows:

A “related party” is a person or entity that is related to the Company. Parties are considered to be related if one party has ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and / or operating decisions and includes the following :

- A person or a close member of that person’s family is related to a company if that person:
 - is a related party under Section 2(76) of the Companies Act, 2013 ;or
 - has control or joint control or significant influence over the company; or
 - is a key management personnel of the company or of a parent of the company; or
- An entity is related to a company if any of the following conditions applies:
 - The entity is a related party under Section 2(76) of the Companies Act, 2013; or
 - Such entity is a related party under the applicable accounting standards.
- **“Related Party Transaction”** means a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged and also includes the transactions/ contracts/ arrangement between the Company and its related parties which fall under one or more of the following headings:
 - Sale, purchase or supply of any goods or materials;
 - Selling or otherwise disposing of, or buying, property of any kind;
 - Leasing of property of any kind;
 - Transfer of research and development
 - License agreements
 - Finance (including loans and equity contributions in cash or kin
 - Guarantees and collaterals
 - Management contracts including for deputation of employees
- **“Transaction on arm’s length basis”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- **“Transactions in the Ordinary Course of Business”** means activities that are necessary, normal, and incidental to the business and which fall under one or more of the following headings :
 - Import / export of services
 - Import of Fixed assets / spares / computers
 - Purchase and Sale of Fixed assets
 - Royalty Received / paid
 - Commission Income received / paid
 - Re-imburement of expenses
 - Dividend Received / paid
 - Loans and Advances paid and repaid
 - Interest received on Loans given
 - Interest paid on Loans received
 - Any other as the AC may deem fit.

D. Policy

I. Approval of Related Party Transactions by the AC

- All Related Party Transactions except the transactions with the wholly owned subsidiaries of the Company must be reported to the AC and referred for approval by the AC in accordance with this Policy.
- Related Party Transactions during the quarter will be referred to the next scheduled meeting of the AC for review and approval. Any member of the AC who has a potential interest in any Related Party Transaction will refrain himself/herself from discussion and voting on the approval of the Related Party Transaction.
- The AC may have an umbrella resolution under which any Related Party Transaction with a value of upto Rs. 1 Crore can be entered into without the AC approving it in its meeting.
- The AC may grant Omnibus approval for proposed Related Party Transactions which are repetitive in nature.
- The AC shall review at least on quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year validity.

II. Approval of Related Party Transactions by the Board and Shareholders:

- In the event contract /arrangement / transaction is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act 2013 and the Rules framed thereunder and obtain prior approval of the Board and its shareholders, as applicable, for such contract / arrangement / transaction.
- Where Related Party Transactions require approval of the Board through special resolution; any director who is interested in any contract / arrangement / transaction with a related party, shall not be present at the meeting during discussions on the subject-matter of the resolution relating to such contract / arrangement / transaction.
- All material related party transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolutions.
- **Pre-approved Transactions**

Following transactions shall not require approval of the Board; and shall be considered as pre-approved:

- Compensation (including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business) payable to Executive Directors or Key Management Personnel which is approved by Compensation and Remuneration Committee of the Board
- Transactions in the ordinary course of business, arm's length basis and with wholly owned subsidiaries
- Contributions by the Company or any of its affiliates to a charitable organisation, foundation at which Related Party is a Trustee or director; provided that the total contribution does not exceed limit as prescribed under Section 135 of the Companies Act, 2013
- 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.
- Allotment of ESOPs/RSUs to Key Managerial Personnel under the schemes already approved by shareholders

- Transaction(s) undertaken by the Independent Director with the Company or its holding, subsidiary, or associate company or their promoters or directors during the year and during two immediately preceding financial years shall not fall in the ambit of pecuniary relationship with the Company:
 - Transaction(s) done in ordinary course of business at arm's length;
 - Receipt of remuneration by way of sitting fees and commission;
 - Re-imburement of expenses for attending board and other meetings.

E. Procedure for Identification and maintaining record of potential Related Party Transactions:

- The Secretarial department shall at all times maintain a database of Company's Related Parties containing the names of individuals and Companies, identified on the basis of the definition set forth in Definition Clause 9 above, along with their personal/company details including any revisions therein.
- The Related Party List shall be updated whenever necessary and shall be reviewed at least once a year, as on 1st April every year.
- The Secretarial department shall collate the information, coordinate and send the list of Related Parties to Chief Financial Officer (CFO) or any officer designated by CFO (Responsible person).
- This analysis and identification of the proposed transactions or contracts with the parties in the list above can be done by the Responsible Person independently or in consultation with outside consultant, as appropriate.
- When the Responsible Person after due analysis, identifies the proposed transaction or relationship, with the parties in the above list as Related Party Transaction requiring compliance with the Policy, he / she will refer the provided with all relevant material information of proposed Related Party Transactions; including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters to the AC in their next scheduled meeting for review and approval and convey back the decision to the originator of the transaction.
- Each Director and Key Managerial Personnel shall make an annual declaration / disclosure (Ref Annex. I) to the Secretarial department of the Company on the last day of the month ending before the financial year and this Declaration / Disclosure shall be placed before the AC and the Board at their first meeting held at the succeeding financial year. Any change in the list of relatives shall be intimated by the Directors and Key Managerial Personnel by way of a fresh declaration to the Company within 7 days of such change.
- Every new appointed director or key managerial personnel shall, within a period of thirty days of his/her appointment, or relinquishment of his office in other Companies, as the case may be, disclose to the Company the particulars relating to his/her concern or interest in the other associations.
- The Secretarial department shall keep and maintain a register, physically or electronically, as may be decided by the Board, giving separately the particulars of all transactions or contracts or arrangements to which this policy applies. The register shall be preserved permanently and shall be kept in the custody of the Company Secretary of the Company or any other person authorized by the Board for the purpose.

F. Procedure for Review and Approval of potential Related Party Transactions:

Ref Annex. II

G. First time adoption of the Policy

All the Related Party Transactions known up to the Responsible Person on the date of approval of the Policy, will be presented before the AC in its meeting held for adoption of this policy. The AC shall review and approve the transactions as per guidelines prescribed under this Policy.

H. Periodical Review / Amendments of the Policy

The AC shall periodically review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate.

I. Disclosures:

- Details of all material transactions with related parties are to be disclosed quarterly along with the compliance report on corporate governance.
- All Related Party Transactions shall be disclosed in the Company's quarterly audited financial statements and Annual Report and applicable statutory filings.
- The contract or arrangements entered into with the Related Parties shall be disclosed in the Board Report to the shareholders along with the justification for entering into such contract or arrangement.
- This Policy shall be disclosed on the Company website and a web link thereto shall be provided in the Annual Report.

ANNEXURE I

To,

The Company Secretary / Chief Financial Officer
Innoventive Industries Limited,
601, Nuclus Mall, 6th Floor,
Camp, Pune 411001

Dear Sir,

I, _____, being a Member of the Board of Directors / Key Managerial Personnel of Innoventive Industries Limited hereby acknowledge, confirm and certify that:

- I am aware of the Policy on Related Party Transactions of the Company.
- During the financial year _____, I have entered into the following contracts / arrangements / transactions with the Company and such contracts / arrangements / transactions qualify as "Related Party Transactions" as per the Policy.
- I am not aware of any non-compliance with the said policy.

Signature :

Name :

Designation :

Date :

Place :

ANNEXURE II

Review and Approval of Potential Related Party Transactions – Process Flow

