

## ITI LIMITED

### POLICY ON RELATED PARTY TRANSACTIONS

#### 1. PREAMBLE

The Companies Act, 2013 and Clause 49 of the Equity Listing Agreement have laid down extensive requirements to be fulfilled in case of Related Party Transactions.

ITI Limited (“The Company”) has adopted this Policy on Related Party Transactions as required under Clause 49(VII)(C) of the Listing Agreement

#### 2. APPLICABILITY

This policy will be applicable to the Company to regulate transactions between the Company and its Related Parties in compliance with the provisions of the applicable laws, rules and regulations.

#### 3. PURPOSE

This policy is framed as per requirement of Clause 49(VII)(C) of the Listing Agreement entered by the Company with the Stock Exchanges and intended to ensure the proper approval and reporting of transactions between the Company and its Related parties.

#### 4. DEFINITIONS

- i. “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 as defined in explanation (b) to Section 188 (1) of the Companies Act, 2013.
- ii. ‘Associate Company’, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation – For the purposes of this clause, “Significant influence” means control of at least 20% of total share capital, or of business decisions under an agreement.

- iii. “Audit Committee” means the Audit Committee of the Board constituted from time to time under the provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.
- iv. “Board” means the Board of Directors of ITI Limited ;
- v. “Key Managerial Personnel” means
  - (i) The Chief Executive Officer or Managing Director or Manager ;
  - (ii) The Company Secretary ;
  - (iii) The whole-time Director ;
  - (iv) The Chief Financial officer ; and

- (v) Such other officer as may be prescribed.
- vi. “Material Related Party Transaction” means a transaction which individually or taken together with previous transactions during the financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the company’.
- vii. “Related Party” means a person or an entity:
  - a) which is a related party under Section 2(76) of the Companies Act, 2013, (Annexure A) or
  - b) which is a related party under the applicable Accounting Standards.
- viii. “Related Party Transaction (RPT)” means any transaction / contract/arrangement between Company and its Related Party(ies) which falls under Section 188 of the Act or Clause 49 of the listing agreement (Annexure B)
- ix. “Subsidiary Company” means subsidiary company as defined in Section 2(87) of the Companies ct, 2013.
- x. “Transaction” with a related party shall be construed to include a single transaction or a group of transactions.

## 5. MANNER OF DEALING

### 5.1 IDENTIFICATION OF RELATED PARTIES

To identify and monitor the list of Related Parties and Relatives as per applicable Act, Rules and Regulations, a declaration shall be obtained in the format as at (Annexure-D) from the Director / Key Managerial Personnel in the beginning of financial year and on appointment to the Board / Company.

### 5.2 IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Each Director and Key Managerial Personnel is responsible for providing notice to the company, of any potential ‘Related Party Transaction’ involving him or her or his or her Relative(s), including any additional information about the transaction. The written notice may be provided to the Company Secretary.

### 5.3 SUBMISSION TO AUDIT COMMITTEE:

Every Functional head as the case may be through respective Functional Director are responsible for placing necessary agenda before the Audit Committee and / or Board of Directors of all Related party Transactions requiring approvals (including omnibus approval or ratification) in accordance with this policy.

These Officials shall also be responsible to place the agenda for review of the Audit Committee on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval obtained under this policy.

After the approval of the Audit Committee and Board, the Company Secretary shall place the agenda to the shareholders for approval, if required.

## 6. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

### 6.1. By Audit Committee

- i. Every related party transaction shall have prior approval of the Audit Committee.
- ii. While considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company or any other relevant matters.
- iii. Audit Committee may grant the omnibus approval for RPTs which are repetitive in nature /in the normal course of business of the Company / are on arm's length basis and within the material limits. The omnibus approval where granted shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- iv. Omnibus approval shall specify :
  - a. The name(s) of the relative 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 the formula for variation in the price, if any and
  - c. Such other conditions as the Audit Committee may deem fit.
- v. In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances or emergent situations, the Audit Committee may ratify the RPT subject to their value not exceeding Rs.1 crore per transaction.
- vi. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approvals as duly approved.
- vii. Such approval of Audit Committee may be obtained by way of circular resolution or at a duly convened Audit Committee Meeting.

### 6.2 By the Board of Directors

All Related Party Transactions which are not in ordinary course of business or not on arm's length basis but within threshold limits as prescribed under Rule-15 of the Companies (Meetings of Board and its powers) Rules, 2014 (Annexure C), and / or such other rules or notification as may be applicable from time to time, shall require the approval of Board of Directors at a meeting of the Board (After approval by the Audit Committee).

## 6.3 By the Shareholders

### 6.3.1 Under the Companies Act, 2013

All Related Party Transactions which are not in ordinary course of business or not on arm's length basis and beyond threshold limits as prescribed under Rule-15 of the Companies (Meetings of Board and its powers) Rules, 2014 (Annexure C), and / or such other rules or notification as may be applicable from time to time, shall require approval of the shareholders through special resolution (after due approval by Board of Directors)

### 6.3.2 Under the Listing Agreement

All Material RPTs require approval of the shareholders; however, the same shall be put up to the Board for its recommendations at its meeting before the approval of shareholders.

A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

No member of the Company shall vote on special resolution, seeking the approval of members for any contract or arrangement which may be entered into by the Company, if such member is a related party for such contract or arrangement.

## 7. Exemption :

- (i) Transactions entered into between two Government Companies ;
- (ii) Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

All entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

## 8. Disclosures :

All documents relating to Related Party Transactions required under Companies Act and Listing Agreements shall be made accordingly.

Related Party as per Section 2(76) of the Companies Act, 2013, means :

- (i) A Director or his relative ;
- (ii) A Key Managerial Personnel or his relative ;
- (iii) A firm, in which a Director, manager or his relative is a partner ;
- (iv) A private company in which a Director or manager or relative is a member or Director ;
- (v) A public company in which a Director or manager is a Director and holds along with his relatives, more than 2 % of its paid-up share capital ;
- (vi) Any body corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager ;
- (vii) Any person on whose advice, directions or instructions a Director or manager is accustomed to act ;
- (viii) Any company which is –
  - (a) A holding, subsidiary or an associate company of such company ;
  - (b) A subsidiary of a holding company to which it is also a subsidiary
- (ix) Such other person as may be prescribed

“Relative” means a relative as defined in Section 2(77) of the Companies Act, 2013 read with Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014 as under :

1. Members of HUF
2. Spouse
3. Father includes step-father
4. Mother includes the step-mother
5. Son includes the step-son
6. Son's wife
7. Daughter
8. Daughter's husband
9. Brother includes the step-brother
10. Sister includes the step-sister

RELATED PARTY TRANSACTIONS

AS PER SECTION 188 OF THE COMPANIES ACT, 2013

Any contract or arrangement by the Company with a related party with respect to

- (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 Related party transactions.
- (g) underwriting the subscription of any securities or derivatives thereof, of the company:

AS PER CLAUSE 49 (VII) (A) OF THE EQUITY LISTING AGREEMENT

A related party “transaction” is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

Explanation: A “transaction” shall be construed to include single transaction or a group of transactions in a contract

Material Transaction with related party

A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

## THRESHOLD LIMITS FOR APPROVAL OF SHAREHOLDERS

Presently, RPTs exceeding the following limits shall be subject to prior approval of the Company :

| Sl.No. | Specified RPT(s) U/S 188(1) of the Companies Act, 2013 and rules made thereunder  | Threshold limits for approval of Shareholders  |
|--------|---|--|
| (i)    | Sale, purchase or supply of any goods or materials directly or through appointment of agents                                  | Exceeding 10% of the turnover of the Company or Rs.100 Crore, whichever is lower.                                    |
| (ii)   | Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents                  | Exceeding 10% of net worth of the Company or Rs.100 crore, whichever is lower.                                       |
| (iii)  | Leasing of property of any kind   | Exceeding 10% of the net worth of the Company or 10% of turnover of the Company or Rs.100 Crore, whichever is lower. |
| (iv)   | Availing or rendering of any services directly or through appointment of agents   | Exceeding 10% of the turnover of the Company or Rs.50 crore, whichever is lower.                                     |
| (v)    | Appointment of any agent for purchase or sale of goods, materials, services or property                                       | Exceeding 10% of the turnover of the Company or Rs.100 crore, whichever is lower.                                    |
| (vi)   | Such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company | At a monthly remuneration exceeding Rs.2.50 lakhs  |
| (vii)  | Underwriting the subscription of any securities or derivatives thereof, of the company  | Exceeding 1% of the net worth  |

Explanation:

- Turnover or net worth shall be computed on the basis of the Audit Financial statement of the preceding Financial year.

## ITI LIMITED

CIN : L32202KA1950GOI000640

DECLARATION BY DIRECTORS / KEY MANAGERIAL PERSONNEL WITH RESPECT TO  
RELATED PARTY TRANSACTION

NAME :

POSITION HELD :

| SI No. | Category   | Name & Address |
|--------|--|----------------|
| 1      | <u>Relatives</u><br>a. Members of HUF<br>b. Name of Spouse<br>c. Name of Father including step-father, if any<br>d. Name of Mother including step-mother, if any<br>e. Name(s) of Son including step-son, if any<br>f. Name of Son's Wife<br>g. Name(s) of Daughter<br>h. Name of Daughter's Husband<br>i. Name(s) of Brother including step-brother, if any<br>j. Name(s) of Sister including step-sister, if any |                |
| 2      | Name(s) of firm, in which a Director, manager or his relative is a partner   |                |
| 3      | Name(s) of private company in which the Director or manager or relative, is a member or Director   |                |
| 4      | Name(s) of public company in which a Director or manager is a Director or holds along with his relatives more than 2 % of its paid-up share capital.   |                |
| 5      | Name(s) of body corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with the advice, directions or instructions of a director.   |                |
| 6      | Name(s) of person(s) on whose advice, directions or instructions, not being in a professional capacity, a Director is accustomed to act.   |                |
| 7      | Any company which is –<br>(a) A holding, subsidiary or an associate company of such company ;<br>(b) A subsidiary of a holding company to which it is also a subsidiary  |                |