

REPRO INDIA LIMITED

POLICY ON RELATED PARTY TRANSACTION AND MATERIALITY OF RELATED PARTY TRANSACTIONS

1. Preamble

The Board of Directors of Repro India Limited (the “Company” or “Repro”), has adopted the following policy and procedures with regard to Related Party Transactions and Materiality of Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time.

Pursuant to the provisions of the Companies (Amendment) Act, 2017, amendments to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and implementation of Indian Accounting Standards, this Policy has been amended by the Board of Directors of the Company at its meeting held on February 11, 2019. This Policy shall be effective from April 1, 2019.

2. Purpose

This policy is framed as per the requirement of Regulation 23 of Listing Regulations, entered by the Company with the Stock Exchanges. It is intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties in accordance with provisions of Companies Act, 2013 and Listing Regulations or any other law for the time being in force. Such transactions are appropriate only if they are in the interest of the Company and its shareholders.

3. Definitions

“**Applicable Law**” means the Companies Act, 2013 and the rules made thereunder, the Listing Regulations and includes any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

“**Audit Committee**” means Committee of Board of Directors of the Company constituted under provisions of Listing Regulations and Companies Act, 2013.

“**Board**” means Board of Directors of the Company.

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and as per Companies Act, 2013.

“**Key Managerial Personnel**” means:

- (i) the Chief Executive Officer or the managing director or the manager;
- (ii) the Company Secretary;
- (iii) the Whole-Time Director;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed under the applicable statutory provisions or regulations.

“**Material Related Party Transaction**” means a transaction with a related party if the transaction or 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 listed entity as per the last audited financial statements of the listed entity.

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, exceed two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

“Policy” means Related Party Transaction Policy.

“Related Party” means a transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

“Related Party Transaction” means any transaction involving any Related Party as defined in Section 188 of the Companies Act, 2013 and Listing Regulations.

“Relative” means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and includes anyone who is related to another, if –

- i. They are members of a Hindu undivided family;
- ii. They are husband and wife; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son’s wife
- vii. Daughter
- viii. Daughter’s husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

Notwithstanding the foregoing, the following shall not be deemed Related Party Transactions:

- (i) Any transaction that involves the providing of compensation to a director or Key Managerial Personnel, in accordance with the provisions of Companies Act 2013, in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business;
- (ii) Indemnification and advancement of expenses made pursuant to any agreement or byelaws of the Company;
- (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;
- (iv) Any transaction which is in the ordinary course of business and on an arm’s length basis as determined in terms of this Policy;
- (v) Any transaction 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;
- (vi) Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder and must be approved in advance by the Audit Committee.

4. Policy

A. Procedures for review and approval of Related Party Transactions

- (i) All Related Party Transactions shall require prior approval of Audit Committee and the Board.
- (ii) The Audit Committee and the Board may give the omnibus approval to transactions with Related Parties of repetitive nature. Each such transaction shall be reviewed every year by the Audit Committee
- (iii) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- (iv) The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the company;
- (v) 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 or 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;
- (vi) The Audit Committee will review, atleast on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given.
- (vii) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- (viii) All material related party transactions shall require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.
- (ix) The Audit Committee will also undertake an evaluation of the Related Party Transaction. If that evaluation indicates that the Related Party Transaction would require further approval of the Board, or if the Board in any case elects to review any such matter, the Audit Committee will report the Related Party Transaction, together with a summary of material facts, to the Board for its approval.
- (x) If the Board is of the view that the Related Party Transaction needs to be approved at a general meeting of the shareholders by way of a special resolution pursuant to applicable law, the same shall be put up for approval by the shareholders of the Company.
- (xi) No director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the director or Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee or Board.

- (xii) If a Related Party Transaction will be ongoing, the Board or Audit Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Board or Audit Committee, on at least an annual basis, shall review and assess ongoing relationships with the Related Party to ensure that they are in compliance with the Act and rules made thereunder, the Listing Regulations and this Policy and that the Related Party Transaction remains appropriate.
- (xiii) In addition, the Audit Committee or the Board may review any Related Party Transactions involving independent directors as part of the annual determination of their independence.
- (xiv) Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

B. Standards for Review

A Related Party Transaction reviewed under this Policy will be considered approved or ratified if it is authorized by the Audit Committee and the Board, as applicable, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction. As appropriate for the circumstances, the Audit Committee or Board, as applicable, shall review and consider:

- (a) the Related Party's interest in the Related Party Transaction;
- (b) the estimated amount involved in the Related Party Transaction;
- (c) whether the Related Party Transaction was undertaken in the ordinary course of business of the Company;
- (d) whether the transaction with the Related Party is proposed to be, or was, entered on an arm's length basis;
- (e) the purpose of, and the potential benefits to the Company from the Related Party Transaction;
- (f) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- (g) Whether the Related Party Transaction includes any potential reputational risk issues that may arise as a result of or in connection with the Related Party Transaction and;
- (h) Whether the Related Party Transaction would impair the independence of an otherwise independent director or nominee for director;
- (i) 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 would be detrimental to the Company; and
- (j) Whether the Related Party Transaction would present an improper conflict of interest, as per provisions of law, for any director or Key Managerial Personnel, taking into account the size of the transaction, the overall financial position of the Related Party, the direct or indirect nature of the Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee or Board deems relevant;
- (k) required statutory and public disclosure, if any; and
- (l) any other information regarding the Related Party Transaction or the Related Party in the context of the proposed transaction that would be material to the Audit Committee or Board or shareholders, as applicable, in light of the circumstances of the particular transaction.

The Audit Committee or Board will review all relevant information available to it about the Related Party Transaction. The Audit Committee or Board, as applicable, may approve or ratify or recommend to the shareholders, the Related Party Transaction only if the Audit Committee or Board, as applicable, determines in good faith that, under all of the circumstances, the transaction is fair as to the Company. The Audit Committee or Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction.

C. Determination of Ordinary Course of Business

“In the Ordinary Course of Business” means all such acts and transactions undertaken by the Company, and is permitted by the Objects clause of the Memorandum of Association of the Company. The Company should take into account the frequency of the activity and its continuity carried out in a normal organised manner for determining what is in the ordinary course business. For the said purposes the Audit Committee shall be entitled to rely on professional opinion in this regard.

D. Determination of Arm’s length nature of the Related Party Transaction

(a) Price Determination

At the time of determining the arm’s length nature of price charged for the Related Party Transaction, the Audit Committee shall take into consideration the following:

- (i) Permissible methods of arm’s length pricing as per Applicable Law including such prices where the benefits of safe harbour is available under Applicable Law.
- (ii) For the said purposes the Audit Committee shall be entitled to rely on professional opinion in this regard, if any.

If the Audit Committee is of the opinion that the Related Party Transaction meets the aforesaid criteria of Ordinary Course of Business *and* the Arm’s Length nature based on comparative quotation from unrelated parties, the Related Party Transaction will not be treated as a Related Party Transaction for the purpose of this Policy.

5. Review and Approval of Related Party Transactions

Related Party Transactions will be referred to in the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement and no related party shall vote to approve such resolutions.

6. Approvals of Past Contracts with related Parties

- (i) In any case where either the Audit Committee or Board or a general meeting determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee or Board or the general meeting, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with

any review of a Related Party Transaction, the Audit Committee OR Board has authority to modify or waive any procedural requirements of this Policy.

- (ii) In determining whether to approve or ratify a Related Party Transaction, the Audit Committee or Board will consider whether the Related Party Transaction is on reasonable terms having regard to the circumstances of the case and the extent of the Related Person's interest in the transaction.

7. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy prior to its consummation or as may be required pursuant to Applicable Law, the matter shall be reviewed by the Committee and it shall take any such action it deems appropriate as per the Applicable Law.

8. Disclosures

- (i) The Company is required to disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.
- (ii) Details of all Material Related Party Transactions shall be disclosed quarterly along with the Company's Compliance Report on Corporate Governance, in accordance with the Listing Regulations.
- (iii) The Company is required to submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.
- (iv) The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party.

This Policy was adopted by the Board on February 11, 2019 and will be reviewed every three years.