

## POLICY ON RELATED PARTY TRANSACTIONS (RPT)

### **Objective**

The objective of this policy is to define the approval mechanism and reporting of transactions between the Company and its related parties (Related Parties listed in Annexure). It may be modified pursuant to the amendment in the Companies Act, 2013 or SEBI (LODR) or any Rules and Regulations made therein.

### **Definitions**

- 1. Related Party Transactions (RPT) means :** in accordance with Regulation 2(1) (zc) of the SEBI (LODR), 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 or not.

**Explanation:** A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract."

**The Accounting Standard 18 defines related party as -** "parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and / or operating decisions."

- 2. Material related party transactions means:** In accordance with SEBI (LODR), Regulations,

- Any related party transaction / transactions, to be entered into individually or taken together with previous transactions during a financial year, which exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the company;
- Notwithstanding the above, a transaction involving payments made to related party with respect to brand usage or royalty shall be considered material, if the transactions to be entered into individually or taken together with the previous transactions during a financial year exceeds 2% of the annual consolidated turnover of the Company as per the last audited financial statement of the Company.

- 3. Arms length transaction means:** any transaction between unrelated parties and there is no conflict of interest.

- 4. Related Party, Relatives and KMPs means:** as specified in Annexure to this policy

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- 5. Subsidiary Company means:** The term Subsidiary Company shall have the same meaning as specified under Companies Act, 2013 read with related rules issued thereon including any statutory modification and amendment thereof as may be issued from time to time.

### *Policy and Procedure for RPTs*

Arm's length transactions will require only Audit Committee approval. Whereas the transactions which are not at Arm's length transaction and also not in the ordinary course of business would require prior approval of Audit Committee, Board of Directors approval and also prior approval of Shareholders. All transactions which are not at Arm's length shall be disclosed in Board's Report.

The Board of Seven recognizes the following transactions as Related Party Transactions:

- a) Sale, purchase or supply of any goods or material
- 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 agents for
- f) Purchase or sale of goods, materials, services or property;
- g) Related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; or
- h) Underwriting the subscription of any shares in or derivatives thereof.

In line with the provisions of SEBI (LODR) and the provisions of Section 177 of the Companies Act, 2013 and the related Rules, the Audit Committee of the Company shall review and approve all Related Party Transactions existing on the date of this Policy or proposed to be entered into by the company.

**Omnibus Approval** - Audit Committee may grant omnibus approval for Related Party Transactions provided it is satisfied that there is a need to grant such approval in the interest of the Company and the proposed transaction is repetitive in nature and necessary details are provided to the Audit Committee. 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 approval given. Further, such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

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### **In respect of transactions which are on arm's length basis and are in ordinary course of business**

Audit Committee approves all transactions and recommends to the Board for noting purposes. Approval of the shareholders by way of special resolution only if the value of transactions exceeds the limits provided under section 188 of the Companies Act, 2013 save exempted transactions as specified under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, as amended.

### **In respect of transactions which are either not on arm's length basis or not in ordinary course of business**

Audit Committee approves all transactions and recommends for approval of the Board for all transactions and also approval of shareholders by way of special resolution only if the value of transactions exceeds the limits provided under the provisions of the Companies Act, 2013 and LODR Regulations.

In case such transaction is not on Arm's length and / or in the ordinary course of business, then the Audit Committee may recommend to the Board of Directors for approval of such transaction and also approval of shareholders.

### ***Disclosures***

- Details of all material Related Party Transaction to be disclosed quarterly along with the compliance report on corporate governance
- Policy on dealing with Related Party Transaction to be disclosed on the Company's website and Annual Report

### ***Ratification of Related Party Transactions***

- a) Where any contract or arrangement, which is considered as a Related Party Transaction exclusively as per Companies Act, 2013, is entered into by a director or any other employee, without obtaining the consent of Audit Committee or the Board or the shareholders of the Company, as the case may be, such transaction shall be ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into.

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- b) In case such transaction is not ratified within the specified period, such contract or arrangement shall be voidable at the option of the Board or as the case may be of the Shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall Indemnify the company against any loss incurred by it.

Related party transactions not approved under this policy

- In the event of inadvertent omission to seek the approval of the Related Party Transaction in accordance with the Policy, the matter shall be reviewed by the Audit Committee.

### Amendments

Any amendment to the policy would require approval of the Audit Committee.

### Related Party, Relatives and KMPs List – Annexure

"**Related Party**" means related party as defined in SEBI LODR Regulations which is as follows:

In accordance with Regulation 2(1) (zb) of SEBI (LODR) including any statutory modification, amendment thereof as may be issued from time to time, an entity shall be considered as related party to the Company if:

- (i). Such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- (ii). Such entity is a related party under the applicable Accounting Standards.

In accordance with Section 2(76) of the Companies Act, 2013, Related Party in relation to a company 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 two per cent. of its paid-up share capital;
- (vi). Anybody 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:

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

Provided further that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

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- (viii). Any company which is—
  - (A) a holding, subsidiary or an associate company of such company; or
  - (B) a subsidiary of a holding company to which it is also a subsidiary;
  
- (ix). A Director (other than Independent Director) or KMP of the holding company of such company or his relative.

**Relatives** - In accordance with Section 2 (77) of the Companies Act, 2013 read with related rules issued thereon including any statutory modification, amendment thereof as may be issued from time to time, relative with reference to any person, means anyone who is related to another, if—

- (i). they are members of a Hindu Undivided Family;
- (ii). they are husband and wife; or
- (iii). a person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-
  - (a). Father: Provided that the term “Father” includes step-father.
  - (b). Mother: Provided that the term “Mother” includes the step-mother.
  - (c). Son: Provided that the term “Son” includes the step-son.
  - (d). Son’s wife.
  - (e). Daughter.
  - (f). Daughter’s husband.
  - (g). Brother: Provided that the term “Brother” includes the step-brother;
  - (h). Sister: Provided that the term “Sister” includes the step-sister;

**Key Managerial Personnel’s (KMPs)** - in relation to a company, 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 Companies Act, 2013.