

CENTRUM CAPITAL LIMITED

RELATED PARTY TRANSACTIONS POLICY

Preamble:

Centrum Capital Limited (“the Company”) and its group is professionally managed and has good corporate governance and internal control system.

The Board of Directors (“the Board”) of the Company understands the importance of stakeholders’ confidence and trust in the Company. In order to preserve the same with transparency and to ensure that there is no conflict of interest inflicting any apprehension in the minds of the stakeholders, the Board of the Company, acting upon recommendation of its Audit Committee (“the Committee”), has adopted the following policy and procedures with respect to Related Party Transactions (“RPTs”) of the Company.

This Policy is also in conformance with the Company’s Code of Conduct for Business and Ethics which provides that all directors and senior management personnel are required to disclose all potential or actual conflict of interest, which may be against the interest of the Company and take actions to eliminate such conflict, if so required.

1. Objective

- 1.1 The policy is framed not only in the best interests of its stakeholders but also in due compliance with the requirements of the Companies Act, 2013 (“the Act”) and other applicable laws of the country. Further, as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“the Listing regulations”), a policy needs to be formulated to deal with RPTs including formulating a policy on materiality of RPTs. This policy therefore lays down the mechanism to deal with RPTs.
- 1.2 The Company is required to disclose the Policy on dealing with RPTs each year in its Financial Statements as well as in its website.

2. Definitions

“Arms’ length transactions” means transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

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

“Board” means the Board of Directors of the Company

“Key Managerial Personnel” or “KMP” shall have the meaning referred to in the Companies Act, 2013

“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, exceeds such limit of the annual consolidated turnover of the Company as per the Listing Regulations and contracts or arrangements given under Rule 15 of the Companies (Meetings of Board and its Powers) Rule, 2014 requiring shareholders’ approval.

“Ordinary Course of Business” means transactions that are necessary, normal and incidental to the business, the objects of the Company permit such activity, there is a historical practice and pattern of frequency (not an isolated transaction), has connection with the normal business carried on by the Company.

“Related Party” is a party as defined in sub-section (76) of Section 2 of the Act and the Listing Regulations

“Related Party Transaction” means any transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged or not.

“Relative” means relative as defined under the Companies Act, 2013

Words and expressions used in this Policy shall have the same meanings respectively assigned to them in the following acts / Listing Regulations / regulations / rules, as amended from time to time.

1. The Companies Act, 2013 or the rules framed thereon;
2. Listing Regulations;
3. Securities Contracts (Regulation) Act, 1956;
4. SEBI Act, 1992;
5. SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009;
6. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
7. SEBI (Prohibition of Insider Trading) Regulations, 2015.

3. General Guideline

All Related Party Transactions shall be referred to the Audit Committee. The Audit Committee shall also approve any subsequent modification of RPTs. The onus will be on the Accounts department to refer RPTs or potential RPTs to the Audit Committee.

All Material Related Party Transactions shall require approval of the shareholders vide a special resolution and all the Related Parties of the Company shall abstain from voting on such resolutions irrespective of whether they are interested in that particular Material Related Party Transaction or not.

Provided however that the Transactions entered into between the Company and a wholly-owned subsidiary of the Company where,

- (i) the accounts of the subsidiary are consolidated with the Company; and
- (ii) approved by the shareholders at a general meeting

shall not require approval of either Audit Committee or the Shareholders.

The Audit Committee / Board may give suitable directions / guidelines to implement the same.

4. Identification of RPTs

- 4.1 Each Director and “KMP” and other Related Party shall promptly notify the Audit Committee of any material interest that such person or relative of such person had, has or may have in a RPT, by providing notice to the Board or Audit Committee of any potential RPT involving him or her or his or her Relative together with additional information about RPT that the Board or Audit Committee reasonably requests.
- 4.2 The Company prefers that the notice of any RPT is given well in advance, so that the Audit Committee/ the Board has adequate time to obtain and review information about the proposed RPT.
- 4.3 The Board / Audit Committee shall determine whether a transaction does, in fact, constitute a RPT requiring compliance with this Policy

5. Review and approval of RPTs

- 5.1 All RPTs shall require approval of Audit Committee;
- 5.2 RPTs shall be referred to the next regularly scheduled meeting(s) of Audit Committee for its review and approval;
- 5.3 The Audit Committee, in order to review a RPT, shall be provided with all relevant material information of the RPT, 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;
- 5.4 Any member of the Audit Committee who has an interest in any RPT shall recuse himself or herself and abstain from discussion and voting on the approval of such RPTs;
- 5.5 The Board shall approve all RPTs which are not at arm’s length and/ or which are not in the ordinary course of business;
- 5.6 All Material Related Party Transactions shall require approval of the shareholders, based on recommendation of the Board, through special resolution passed at the general meeting. However, approval of the shareholders would not be required to be obtained by the Company for such Material RPTs as defined under the Listing Regulations.

6. Criteria for approving RPTs

In determining whether to approve a RPT, the Audit Committee shall consider the following factors, among others, to the extent relevant to the RPT:

- 6.1 Whether the terms of the RPT are fair and on ‘arms’ length basis’ to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- 6.2 Whether there are any compelling business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any;
- 6.3 Whether the RPT would affect the independence of an Independent Director;
- 6.4 Whether the proposed RPT includes any potential reputational risk issues that may arise as a result of or in connection with the proposed RPT;

- 6.5 Whether subsequent ratification of the proposed RPT is allowed and would be detrimental to the Company;
- 6.6 Whether the RPT would present an improper conflict of interest for any director or KMP of the Company, taking into account the size of the transaction, the overall financial position of the director, KMP or other Related Party, the direct or indirect nature of the director's, KMP's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee deems relevant;
- 6.7 If the Audit Committee determines that a RPT should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the RPT, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

7. RPTs that do not require prior Audit Committee review

- 7.1 The Audit Committee shall also be entitled to grant omnibus approval ("Omnibus Approval") for a class of transactions which are repetitive in nature, as per the procedure specified for approving RPTs in this Policy.
- 7.2 In addition to the criteria specified in paragraph 7.1 above, the Audit Committee shall be required to specify in the Omnibus Approval:
- (i) Name(s) of the Related Party, nature, period of transaction and maximum amount of the proposed RPTs;
 - (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) In the event the need for a class of RPTs cannot be foreseen or the details specified in (i) to (iii) above are not available, the Audit Committee may grant Omnibus Approval for such RPTs provided each transaction does not exceed 1,00,00,000/- (Rupees One crore).
- 7.3 Audit Committee shall review, the details of actual RPTs entered into by the Company pursuant to each of the Omnibus Approvals on a quarterly basis.
- 7.4 The Omnibus Approvals shall be valid for a period not exceeding one year and shall require fresh approvals from the Audit Committee after the expiry of 1 (one) year from the grant of each approval.
- 7.5 Any transaction that involves the providing of compensation to a director or KMP 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.
- 7.6 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.

7.7 Any transaction arising out of Compromises, Arrangements and Amalgamations dealt with under specific provisions of the Act.

7.8 Reimbursement of pre-incorporation expenses incurred by a Related Party as approved by the Board of Directors.

7.9 Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder.

8. RPTs not approved under this Policy

8.1 In the event the Company becomes aware of a RPT with a Related Party that has not been approved under this Policy by the Audit Committee, prior to its consummation, it shall report such transaction to the Audit Committee which shall follow the procedure laid down in this Policy.

8.2 In any case, save as otherwise provided in the Policy, where the Audit Committee determines not to ratify a RPT that has been commenced without its prior approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission or revision of the transaction.

9. Disclosures

Appropriate disclosures as required under the Act and the Listing Regulations shall be made in the Financial Statements, Board's Report, Stock Exchanges and website of the Company.

10. Applicability

In the event of any provisions contained in this Policy is inconsistent with the provisions contained in the Listing Regulations, Companies Act, 2013 or Accounting Standards, etc. or any amendments thereto, (Regulatory Acts), the provisions contained in the Regulatory Acts shall prevail.

11. Amendments

This Policy may be amended by the Board at any time and is subject to the (i) amendments to the Companies Act, 2013 (the Act 2013) and (ii) further guidelines from the SEBI.

Note:

Last reviewed on: August 31, 2017

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