

POLICIY
OF
FRASER AND COMPANY LIMITED
FOR
POLICY ON MATERIALITY OF RELATED PARTY
TRANSACTIONS
AND
ON DEALING WITH
RELATED PARTY TRANSACTIONS

[Pursuant to Regulation 23 read with Schedule V of SEBI Listing Regulations, 2015]

I. POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

PREMBLE

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) imposed certain obligations and disclosure requirements on all Listed Entities.

The Company may enter into transactions with related parties to leverage scale, size and drive operational synergies while ensuring that such transactions are in compliance with the applicable legal requirements therefore it necessitates to have all transactions entered into by the Company with its Related Parties as per the applicable laws and regulations, including the Companies Act, 2013 (the “Companies Act”) readwith the rules framed thereunder and the Listing Regulations.

This Policy is intended to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its related parties.

OBJECTIVE

The Objective of this Policy is to identification of Related Parties and setting forth the proper conduct and documentation for Related Party Transactions.

The Board of Directors of Fraser and Company Limited (“Company”) on the recommendation of the Audit Committee, has adopted this Policy and associated procedures for regulating related party transactions. Therefore it is required to formulate a policy on materiality of Related party transactions and on dealing with Related party transactions.

The Audit Committee of the Company may review and amend this policy from time to time, subject to adoption by the Board.

DEFINITIONS

1. Arm’s Length Transaction shall mean

- a) The transaction carried on between the Company and the Related Party on similar terms and conditions as of a unrelated party, including the price, and
- b) Such price charged for the transactions to a Related Party has in no case been influenced by the relationship and meets the criteria prescribed in Transfer Pricing Guidelines prescribed under the Income-tax Act, 1961.

2. Audit Committee or Committee means Committee of Board of Directors of the Company constituted in accordance with provisions of the Listing Regulations and the Companies Act.

3. Board of Directors or Board shall mean the Board of Directors of Fraser and Company Limited, as constituted from time to time.

4. Company shall mean Fraser and Company Limited.

5. Key Managerial Personnel means key managerial personnel as defined under the Companies Act.

6. Material Related Party Transaction means a material transaction with a Related Party as defined under Section 23(1) of the Listing Regulations.

7. Listing Regulation shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”).

8. Ordinary course of business means such transaction as may be so determined based on the guiding principles set down under **Appendix A**, which may be amended from time to time in accordance with the statutory requirements and other industry practices and guidelines.

9. Policy means this Related Party Transaction Policy.

10. Related Party means related party as defined under Section 2(76) of the Companies Act and Regulation 2(1)(zb) of the Listing Regulations, read with amendments issued from time to time which is as follows:

Section 2(76) of the Companies Act

Related party, with reference to a company, means

- (i) 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 his 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) 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 under whose advice, directions or instructions a director or manager is accustomed to act: Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
 - (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 ;
 - c. An investing company or the venture of the company.
- (Explanation)**-For the purpose of this clause, “the investing company or the venture of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.
- (ix) such other person as may be prescribed;

Section 2(1)(zb) of the Listing Regulations

An entity shall be considered as **related** to the company if:

- (i) such entity is a related party under Section 2(76) of the Companies Act: or
- (ii) such entity is a related party under the applicable accounting standards.

11. Related Party Transaction means a related party transaction as defined under Regulation 2(1)(zc) of the Listing Regulations read with amendments issued from time to time which is as follows and a per Regulation 188 of the Companies Act, 2013.

Regulation 2(1)(zc) of the Listing Regulations

Related Party Transaction means 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.

Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meeting of Board and its power) Rules, 2015.

Except with the consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed, no company shall enter into any contract or arrangement with a related party with respect to—

- (i) sale, purchase or supply of any goods or materials;

- (ii) selling or otherwise disposing of, or buying, property of any kind;
- (iii) leasing of property of any kind;
- (iv) availing or rendering of any services;
- (v) appointment of any agent for purchase or sale of goods, materials, services or property;
- (vi) appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
- (vii) underwriting the subscription of any securities or derivatives thereof, of the Company.

12. Material Related Party Transaction means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013 or the Listing Regulation, whichever is stricter, from time to time.

13. Relative with reference to a director or a Key Managerial Personnel means persons defined under Section 2(77) of the Companies Act read with amendments issued from time to time.

14. Subsidiary Company or Subsidiary, in relation to any other company (that is to say the holding company), means a company in which the holding company-

- I. controls the composition of the Board of Directors or
- II. exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies.

For the purposes of this policy, Subsidiary includes foreign subsidiary also.

15. Stock Exchange shall mean BSE Limited and CSE Limited.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, the Listing Regulations or any other applicable law or regulation.

POLICY

The policy has been divided into Five Stages as mentioned below:

1. Dealing with Related Party Transactions

All Related Party Transactions, other than transactions between the Company and wholly owned subsidiaries which are in the ordinary course of business and which are on arm's length basis, shall **require approval of the Audit Committee** and / or the Board of Directors of the Company in accordance with this Policy.

2. Identification of Related Party Transactions

All Related Party Transactions shall be placed before the Audit Committee of the Company for its approval.

All Directors and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest (including interest of their relatives) in other Companies, firms or concerns at the beginning of every Financial Year and any change in interest during the year, immediately on occurrence. Further, Directors and KMPs should disclose to the Board whether they, directly, indirectly, or on behalf of third parties, have material interest in any transaction or matter directly affecting the Company.

In addition, all Directors and KMPs are responsible for giving notice to the Company Secretary well in advance of any potential Related Party Transaction involving them or their Relatives, so that can review and obtain information about the potential RPT and place the same before the Audit Committee.

Every Director, Key Managerial Personnel shall also make annual disclosures as per **Appendix B** containing the following information to the Company on an annual basis:

1. Names of his / her Relatives;

2. Partnership firms in which he / she or his / her Relative is a partner;
3. Private Companies in which he / she is a member or Director;
4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

3. Review and Approval of Related Party Transactions

a. Audit Committee Approval

All Related Party Transactions must be reported to the Company Secretary who shall place the same before the Audit Committee in accordance with this Policy whether at a meeting or by resolution by circulation or through electronic mode. Thereafter, the Audit Committee may grant omnibus approval to Related Party Transactions that are:

- a. Repetitive in nature; and
- b. Entered in the ordinary course of business and on arm's length basis.

Considerations by the Committee in approving the proposed transactions:

Such **omnibus** approval may be granted to the transactions which, in addition to meeting the above criteria, also satisfy the following considerations:

- (a) The transaction in question is necessary to be executed as it is in the business interest of the Company;
- (b) The requisite information is presented to the Audit Committee's course of business and on arm's length basis;
- (c) 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 value and the formula for variation in the value, if any and
 - iii. Such other condition as the Audit Committee may deem fit.
- (d) Such omnibus approval shall be valid for a period not exceeding one year.
- (e) The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- (f) Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- (g) Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.

While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

Provided that where the need for Related Party Transactions cannot be foreseen and details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees 1 crore per transaction.

The Audit Committee shall on **quarterly basis** review the details of the Related Party Transactions entered into by the Company pursuant to the omnibus approval granted by the Audit Committee earlier.

b. Board's Approval

If the Committee determines that a Related Party Transaction 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 Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and 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.

c. Shareholder's Approval

i) Any such Related Party Transactions shall also be placed for prior approval of shareholders through an Ordinary resolution if it exceeds the thresholds **as per rule 15 of The Companies (Meetings of Board and its Powers) Rules, 2014 i.e Material Related Party Transaction as prescribed under the Companies Act, 2013** and the Rules framed there under and the Listing Regulations, 2015. All entities falling under the definition of Related parties shall not vote to approve the said resolution.

ii) **Materiality thresholds as per (Listing Obligation and Disclosure requirement) Regulations, 2015 Regulation 23 of the Listing Regulations** requires a company to provide **materiality thresholds** for transactions beyond which approval of the shareholders through resolution will be required and the Related Parties shall not vote to approve on such resolutions whether the entity is a related party to the particular transaction or not. The Company has fixed its materiality threshold at 10% of the annual consolidated turnover of the Company as per last audited financial statements of the Company for the purpose of Regulation 23(4) of the Listing Regulations.

However, 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 Company as per the last audited financial statements of the Company.

d. Related party transactions not previously approved.

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification. The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances.

4. Disclosures:

- a. Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.
- b. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- c. The Company shall disclose policy on dealing with Related Party Transactions on its website and also in the Annual Report.
- d. The Company shall maintain a register pursuant to Section 189 of the Act and enter therein the particulars of all the Related Party Transactions with a Related Party.

5. Review of the Policy

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically and appropriate recommendations shall be made to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.

Appendix A

Ordinary Course of Business shall mean and include:

(i) the usual transactions, customs and practices carried on by the Company. However, it shall not include the following transactions:

- (a) Complex equity transactions such as corporate restructuring or acquisitions
- (b) Any unusual transactions with an off shore entities
- (c) Leasing of surplus space in the premises or rendering of management services by the Company to any Related Party without adequate consideration, and vice versa.
- (d) Sales transactions with unusually large discounts or returns
- (e) Transactions with circular arrangements viz. sales with a commitment to repurchase
- (f) Transactions under contracts, whose terms are changed before expiry having material adverse impact on the Company.

(ii) In the light of (i) above, the following transactions shall, inter alia, be deemed to have been made in the ordinary course of business:

- (a) Any transaction covered in the Main Objects or the Objects incidental to attainment of the Main Objects, as envisaged in the Memorandum and Articles of Association of the Company
- (b) Any transaction which is usually carried on by any Company having similar business within India or overseas
- (c) Any transaction which has been done by the Company frequently in the last three years
- (d) Any transaction done with a Related Party on similar basis as of a Third Party.

Appendix B

Disclosures as required under Related Party Transactions Policy of

1) List of relatives – For the purposes of sub-section (77) of section 2 of the Companies Act 2013, the following are my relatives

1.	Hindu Undivided Family (HUF) in which I am member	
2.	Other members of HUF in which I am a member	
3.	Husband/Wife	
4.	Father (Including Step Father)	
5.	Mother (Including Step Mother)	
6.	Son (Including Step Son)	
7.	Son's Wife	
8.	Daughter	
9.	Daughter's husband	
10.	Brother (Including Step Brother)	
11.	Sister (Including Step Sister)	

2) List of Firms / LLPs / Association of Individuals / Other Entities in which I am a Partner / Sole Proprietor / Owner / Member

Sr. No.	Names of the Partnership Firms / LLP / Sole Proprietorship / Other Entities	Percentage of Partnership / Ownership	Date on which interest or concern arose / Changed

3) List of Firms / LLPs / Sole Proprietorship in which any of my relatives (mention the relation) is a Partner/Sole Proprietor

Sr. No.	Name of the Relative	Relations	Names of the Firms / LLP / Sole Proprietorship	Percentage of Partnership	Date on which interest or concern arose / Changed

4) List of Public/Private Limited Company(ies) / Bodies Corporate (includes a Company incorporated outside India) of which I am a Director / MD / WTD / Promoter / CEO / Manager - Section 184(2)

Sr. No.	Names of the Companies	Designation	Date of Appointment	Date of Cessation

5) List of Private Company(ies), in which I am a Member

Sr. No.	Names of the Companies	No. of shares held	Percentage of shares	Date on which interest or concern arose / changed
1.				
2.				
3.				
4.				

6) List of Public Company (ies)/body corporate in which I am, along with my relatives, holding more than 2% of its paid up share Capital

Sr. No.	Names of the Companies/ Body Corporate	No. of shares held	Percentage of shares	Date on which interest or concern arose / changed

Date :

Name:

Place :

Designation:

DIN:
