

***safari***

**SAFARI INDUSTRIES (INDIA) LIMITED**

**POLICY ON RELATED PARTY TRANSACTIONS**

## POLICY ON RELATED PARTY TRANSACTIONS

### 1. Introduction

The Board of Directors of Safari Industries (India) Limited, has adopted the following policy and procedures (the “Policy”) with regard to Related Party Transactions and its materiality.

This Policy has been formulated in accordance with Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

This Policy is to regulate transactions between the Company, Subsidiaries and its Related Parties based on the applicable laws and regulations applicable on the Company.

### 2. Policy Objective

The objective of this Policy is to ensure proper approval and reporting of transactions between the Company, Subsidiaries and its Related Parties.

### 3. Definitions

“**Audit Committee**” or “**Committee**” means the committee constituted by the Board of Directors of the Company, from time to time, under the provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013, as may be amended from time to time.

“**Arm’s length**” means a transaction between two Related Parties that is conducted as if they are unrelated, so that there is no conflict of interest.

“**Board of Directors**” or “**Board**” or “**Directors**” means the Board of Directors of Safari Industries (India) Limited, as constituted from time to time.

“**Company**” means Safari Industries (India) Limited.

“**Independent Director**” shall have the meaning ascribed to the term under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time.

“**Key Managerial Personnel**” shall have the meaning ascribed to the term under Section 2(51) of the Companies Act, 2013, as may be amended from time to time.

“**Listing Regulations**” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof.

“**Material Modification**” means any modification to an existing Related Party Transaction which results in a change of more than 30% of the then approved transaction value.

**“Material Related Party Transaction”** means a transaction with a Related Party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the following:

<b>Consolidated Turnover of Listed Entity Threshold</b>	<b>Threshold</b>
Up to Rs. 20,000 Crore	10% of the annual consolidated turnover of the Company
More than Rs. 20,000 Crore to upto Rs. 40,000 Crore	Rs. 2,000 Crore + 5% of the annual consolidated turnover of the Company above Rs. 20,000 Crore
More than Rs. 40,000 Crore	Rs. 3,000 Crore + 2.5% of the annual consolidated turnover of the Company above Rs. 40,000 Crore or Rs. 5000 Crore, whichever is lower.

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 five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

**“Ordinary course of business”** if transactions satisfy any of the following criteria, such transactions will be generally in the ordinary course of business:

1. The Memorandum of Association of the Company should cover such transaction;
2. There are previous instances of the Company having carried out such transaction;
3. These transactions are frequent over a period of time;
4. The transaction should be in furtherance of the business objectives of the Company;
5. The transactions, if not frequent, are important to the business objectives of the Company and directly related to it;
6. The transactions are incidental to the luggage industry/ part of standard industry practice or for which the business would be adversely affected;

This is not exhaustive criteria and the Company should assess each transaction considering its specific type, nature, value and circumstances.

**“Policy”** means this Policy on Related Party Transactions.

**“Related Party”**, in relation to the Company, shall refer to an entity which is:

- (i) a related party under Section 2(76) of the Companies Act, 2013;
- (ii) a related party under the applicable accounting standards; or
- (iii) a related party as defined in Listing Regulations.

Provided that following shall be deemed to be Related Party:

- a. any person or entity forming a part of the promoter or promoter group of the Company;  
or
- b. any person or any entity, holding equity shares:
  - (i) of twenty per cent or more; or
  - (ii) of ten per cent or more;

in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;

**“Related Party Transaction”** means a transaction involving a transfer of resources, services or obligations between:

- (i) the Company or any of its Subsidiaries on one hand and a Related Party of the Company or any of its Subsidiaries on the other hand; or
- (ii) the Company or any of its Subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a Related Party of the Company or any of its Subsidiaries;

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:

Provided that the following shall not be a Related Party Transaction:

- a. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b. the following corporate actions which are uniformly applicable/ offered to all shareholders in proportion to their shareholding:
  - i. payment of dividend;
  - ii. subdivision or consolidation of securities;
  - iii. issuance of securities by way of a rights issue or a bonus issue; and
  - iv. buy-back of securities.
- c. retail purchases from the Company or its subsidiary by the Directors or Key Managerial Personnel of the Company or its Subsidiary, and Relatives of such Directors or Key Managerial Personnel, without establishing a business relationship and at the terms which are uniformly applicable/ offered to all employees, Directors, Key Managerial Personnel and Relatives of Directors or Key Managerial Personnel.”

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

**“Subsidiary”** means a subsidiary of the Company covered under Section 2(87) of the Companies Act, 2013.

All capitalized terms used in this Policy shall have the same meaning defined in the Companies Act, 2013 and/or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, unless expressly defined otherwise in this Policy.

#### **4. Policy**

##### **4.1. Identification of Related Parties:**

The Company Secretary, based on the declarations provided by the Directors and Key Managerial Personnel and also based on the corporate structure shall prepare a list of all persons who shall be considered as Related Parties with reference to the Company and its Subsidiaries.

##### **4.2. Identification of potential Related Party Transactions:**

Each Director and Key Managerial Personnel is responsible for providing notice to the Board and/or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/ Audit Committee may reasonably request. The Audit Committee would determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy. The same would also be applicable to Company's subsidiaries as well.

##### **4.3. Restrictions related to Related Party Transactions:**

###### **4.3.1 Audit Committee approval**

All Related Party Transactions and subsequent Material Modifications shall require prior approval of Audit Committee.

Provided that only those members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions.

Provided further that:

- a. A Related Party Transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the Subsidiary is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company, if the value of such exceeds the lower of the following:
  - i. ten percent of the annual standalone turnover of the Subsidiary as per the last audited financial statements of the Subsidiary; or
  - ii. the threshold for Material Related Party Transactions of the Company as specified in this Policy and Schedule XII of the Listing Regulations as may be amended from time to time.

- b. In the event of a Related Party Transaction above Rupees One Crore, whether entered into individually or taken together with previous transactions during a financial year, to which the Subsidiary is a party but the Company is not a party and such Subsidiary does not have audited financial statements for a period of at least one year, prior approval of the Audit Committee of the Company shall be obtained if the value of such transaction exceeds the lower of the following:
  - i. ten percent of the aggregate value of paid-up share capital and securities premium account of the Subsidiary; or
  - ii. the threshold for Material Related Party Transactions of the Company as specified in this Policy and Schedule XII of the Listing Regulations as may be amended from time to time.

Provided that the aggregate value of paid-up share capital and securities premium account of the Subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the Audit Committee.

- c. prior approval of the Audit Committee of the Company shall not be required for a Related Party Transaction to which the listed Subsidiary is a party but the Company is not a party, if Regulation 23(2) the Listing Regulations are applicable to such listed Subsidiary.

Explanation: For Related Party Transactions of unlisted Subsidiaries of a listed Subsidiary as referred to in (c) above, the prior approval of the Audit Committee of the listed Subsidiary shall suffice.

- d. remuneration and sitting fees paid by the Company or its Subsidiary to its Director, Key Managerial Personnel or Senior Management, except who is part of Promoter or Promoter Group, shall not require approval of the Audit Committee provided that the same is not material in terms of this Policy.

However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company or its Subsidiary subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself on the need for such omnibus approval and that such approval is in the interest of the Company and/ or its Subsidiary;
- 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 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 or applicable law;

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

Provided further that omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

- d. Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company or its Subsidiary pursuant to each of the omnibus approval given.
- e. Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one financial year.
- f. All such transactions are in the ordinary course of business and at Arm's Length.

#### 4.3.2 Board Approval

The following Related Party Transactions shall be subject to prior approval of Board of Directors:

1. All kinds of transactions with the Related Parties which are not in the ordinary course of business and/or not executed at an arm's length shall require approval of the Board of Directors by way of a resolution at a meeting of the Board.
2. Transactions which are not approved by the Audit Committee or in the opinion of the Audit Committee need special consideration /determination by the Board, may be recommended to the Board for its approval. Such transactions shall be placed before the Board for approval only at Board Meetings.
3. Where it is mandatory under any law for Board to approve the Related Party Transactions.
4. Related Party Transactions, in which the Directors or the Key Managerial Personnel, are concerned or interested.
5. Where any Director is interested in any contract or arrangement with a Related Party, such Director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

#### 4.3.3 Shareholders Approval

The following Related Party Transactions shall be subject to prior approval of Shareholders of the Company by way of a resolution:

1. All Material Related Party Transactions and subsequent Material Modifications; and
2. Transactions exceeding the threshold limits as prescribed under Section 188 of the Companies Act 2013 and the Rules made thereunder, as may be amended

from time to time and which are not in the ordinary course of business or not executed at an Arm's Length basis.

Further, no Related Party shall vote to approve such resolutions whether the entity is a Related Party to the particular transaction or not.

Prior approval of the shareholders of the Company shall not be required for a Related Party Transaction to which the listed Subsidiary is a party but the Company is not a party, if Regulation 23 and 15(2) of Listing Regulations are applicable to such listed Subsidiary.

Explanation: For Related Party Transactions of unlisted Subsidiaries of a listed Subsidiary as referred above, the prior approval of the shareholders of the listed Subsidiary shall suffice.

Provided further that the requirements specified under this Clause shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Provided further that the omnibus approval granted by the shareholders for Material Related Party Transactions in an annual general meeting shall be valid till the date of the next annual general meeting.

Provided further that in case of omnibus approvals for Material Related Party Transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

Nothing contained in this Paragraph 4.3.1 and 4.3.3 shall apply to:

1. transactions entered into between the Company and its wholly owned Subsidiary/ies and/or transactions entered into between two wholly-owned Subsidiaries of the Company, whose accounts are consolidated with the Company and such consolidated accounts are placed before the Shareholders of the Company at the general meeting for approval.
2. transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

(such transaction are hereinafter referred to as "**Exempted Transactions**").

#### 4.4. **Review and approval of Related Party Transactions by Audit Committee:**

With reference to point 4.3.1, all Related Party Transactions, including Material Related Party Transaction but excluding Exempted Transactions, will be put to the Audit Committee for its review and prior approval in a meeting or by way of circular resolution. Any Member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or

herself and abstain from discussion and voting on the approval of the Related Party Transaction. Provided that only those Members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits/ loss to the Company, and any other relevant matters prescribed under the law in force.

It shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given.

In determining whether to approve a Related Party Transaction, the Committee may consider all such factors/ or may call such information/ or seek external advice/ opinion as it may consider appropriate in its sole judgment.

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 considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary.

#### **5. Post facto consideration of Related Party Transactions:**

The members of the Audit Committee, who are Independent Directors, may ratify Related Party Transactions within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:

- a. the value of the ratified transaction(s) with a Related Party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- b. the transaction is not material in terms of this Policy;
- c. rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification;
- d. the details of ratification shall be disclosed along with the disclosures of Related Party Transactions in terms of the provisions of 23(9) of Listing Regulations;
- e. any other condition as specified by the Audit Committee:

Provided that failure to seek ratification of the Audit Committee/ Board/ Shareholders shall render the transaction voidable at the option of the Audit Committee/ Board/ Shareholders and if the transaction is with a Related Party to any Director, or is authorised by any other Director, the Director(s) concerned shall indemnify the Company against any loss incurred by it.

#### **6. Violation:**

Any Director or any other employee of the Company, who had entered into or authorised the contract or arrangement in violation of the provisions of Section 188 of the Companies Act, 2013 shall be liable to a penalty of twenty-five lakh rupees.

## **7. Disclosures:**

- 7.1. This Policy shall be communicated to all operational employees and other concerned persons of the Company and simultaneously will be disclosed on the Company's website at [www.safaribags.com](http://www.safaribags.com) and a web link thereto would be disclosed in the Annual Report of the Company.
- 7.2. The Company shall submit to the stock exchanges disclosures of Related Party Transactions in the format as specified from time to time and publish the same on its website [www.safaribags.com](http://www.safaribags.com).
- 7.3. Every transactions entered under Section 188 of the Companies Act, 2013 and the Rules made thereunder, as may be amended from time to time shall be referred in Board's Report to the Shareholders alongwith the justification for entering such transaction.
- 7.4. Transactions entered under Section 188 of the Companies Act, 2013 and the Rules made thereunder and SEBI Circular on Related Party Transactions, as may be amended from time to time shall contain such disclosure mentioned therein in the Board Agenda and/or in the explanatory statement under Section 102 of the Companies Act, 2013 as may be applicable.

## **8. Review of the Policy**

The Audit Committee and Board of Directors shall review the Policy from time to time but atleast once in three years.

In case of any inconsistency between the law in force and this Policy, the provisions of law shall prevail over this Policy and this Policy shall be deemed to have amended in line with changes in the law.