

izmo ltd.

**Policy on Materiality of related party
Transactions**

Objective

The Objective of this policy is to determine the “Materiality of Related Party Transaction” and to provide the Governance Framework to the Company.

In order to ensure good corporate governance and comply with the requirements of the Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements Regulation, 2015, it is necessary for the Company to formulate a policy on materiality of related party transactions and on dealing with related party transactions.

DEFINITIONS

“**Act**” means the Companies Act, 2013 and the rules made there under;

“**Audit Committee**” means the audit committee constituted by the Board, from time to time, under the provisions of the Act and the Listing Agreement;

“**Board**” means the board of directors of the Company, as constituted from time to time;

“**Holding Company**” shall have the meaning given to it under Section 2(46) of the Act;

“**Independent Director**” shall mean a director of the Company, other than a managing director or a whole-time director or a nominee director, and who satisfies the criteria for independence prescribed under the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015;

“**Listing Agreement**” means the listing agreement entered into between the Company and the stock exchange(s) on which its shares are listed;

“**Related Party**” means a “related party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards;

“**Related Party Transaction**” 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;

Materiality of Related Party Transaction

A transaction with a related party shall be considered material if the transaction(s) 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.

Governance Framework

1. All related party transactions shall require prior approval of the audit committee.
2. Audit committee may grant omnibus approval for related party transactions

Proposed to be entered into by the listed entity subject to the following conditions, namely-

- (a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;
- (b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;
- (c) the omnibus approval shall specify:
 - (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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:

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 rupees one crore per transaction.

- (d) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given; and
 - (e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year:
- 3. All material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.
- 4. **The provisions of sub-regulations (1), (2) and (3) shall not be applicable in the following cases:**
 - (a) transactions entered into between two government companies;
 - (b) transactions 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.
- 5. The provisions of this regulation shall be applicable to all prospective transactions.
- 6. For the purpose of this regulation, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.
- 7. All existing material related party contracts or arrangements entered into prior to the date of notification of these regulations and which may continue beyond such date shall be placed for approval of the shareholders in the first General Meeting subsequent to notification of these regulations.

Policy Review

This Policy shall be subject to review as may be deemed necessary by the Board of Directors
