

CARE Ratings Limited
(Formerly known as CREDIT ANALYSIS AND RESEARCH LIMITED)
POLICY ON MATERIALITY OF AND DEALING WITH RELATED
PARTY TRANSACTIONS

TITLE:

This Policy shall be called 'Policy on materiality of Related Party Transactions and dealing with Related Party Transactions'.

COMMENCEMENT:

The Policy shall come into effect from April 01, 2019.

OBJECTIVE:

Related Party Transactions have been one of the major areas of focus for the corporate governance reforms in India. Provisions have been made in Companies Act, 2013 and SEBI(LODR) Regulations setting out the procedure for approval as well as disclosure of transactions with related parties and these will lead to enhanced transparency and due process for approval of the Related Party Transactions. Companies are required to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. No related party transactions may be entered into by the Company or any of its subsidiaries or associates except in accordance with the provisions of such policy. This policy has been made to comply with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 as amended from time to time.

DEFINITIONS:

"Arm's length transaction" means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.

"Audit Committee" means the audit committee constituted by the Board of Directors of the Company in accordance with applicable law, including the SEBI(LODR) Regulations, 2015 and the Companies Act, 2013 as amended from time to time.

"Board" means the Board of Directors of CARE.

“Company” means CARE Ratings Limited (Formerly known as Credit Analysis & Research Ltd.) (CARE)

“Material Related Party Transaction” means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds ten percent of the consolidated annual turnover of the Company as per the last audited financial statements of the Company.

“Policy” means this Policy, as amended from time to time.

“Related Party” in relation to the Company means a party related with the Company in any of the ways as are laid down in section 2(76) of the Companies Act, 2013 and SEBI(LODR) Regulations, 2015 as amended from time to time.

“Relative” in relation to company means any person who is related to another as laid down in section 2(77) of the Companies Act, 2013.

“Related Party Transaction” in relation to the Company means a transaction with a Related Party under the relevant provisions of the Companies Act, 2013 or SEBI(LODR) Regulations, 2015 or any other related law, regulation, standard etc.

APPROVAL OF RELATED PARTY TRANSACTIONS:

Every Related Party Transaction entered into with effect from April 01, 2019 shall be subject to approval of the Audit Committee. The approval of the Audit Committee can be granted by way of a circular resolution.

The Board shall approve such Related Party Transactions as are required to be approved under Companies Act, 2013 and/or SEBI(LODR) Regulations, 2015 and/or transactions referred to it by the Audit Committee.

Where any director is interested in any Related Party Transaction, such director will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction. Further, all Material Related Party Transactions shall require approval of shareholders of the Company through special resolution (unless it is exempted pursuant to the provisions of SEBI (LODR) Regulations, 2015 and the Related Parties shall abstain from voting on such resolution(s).

All Related Party Transactions (other than Material Related Party Transactions) pursuant to section 188 of the Companies Act, 2013 which are not in the ordinary course of business or not an Arms' length transaction and cross the threshold limits prescribed under Companies Act, 2013 shall also require the approval of shareholders of the Company through special resolution and the

Related Parties shall abstain from voting on such resolution(s).

The approval mechanism for Related Party Transactions shall be as stipulated in the provisions of SEBI (LODR) as amended from time to time and/or Companies Act, 2013 and as amended from time to time.