

Policy governing

**Related Party Transactions (RPTs)**

of

**PROZONE INTU PROPERTIES LIMITED**

(Formerly known as 'Prozone Capital Shopping Centres Limited')

(CIN: L45200MH2007PLC174147)

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## Table of Contents

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1	Introduction
2	Purpose
3	Definitions
4	Identification of Related Party Transactions
5	Procedures to deal with Related Party Transactions
6	Provisions related to subsidiary companies
7	Disclosures(s)
8	Amendments to the Policy

## 1. Introduction

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The Board of Directors of the Company has adopted the following policy and procedure with regard to Related Party Transactions (RPTs), as defined below, in compliance with the requirements of Section 188 of the Companies Act, 2013 read with Rules made there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 .

This policy has been adopted to set forth the procedures under which Related Party Transactions will be reviewed and approved or ratified, as permitted. This policy deals with the review and approval of Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise consequent upon the transaction entered into by the Company and whether the said transactions are consistent with the Company's and its shareholder's interest.

*This policy also defines the term 'material subsidiaries' and deals with transactions involving 'Material Subsidiaries' and 'Material Non-Listed Indian Subsidiary(ies)' of the Company.*

The Audit Committee of the Company shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company.

## 2. Purpose

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This policy intends to ensure the proper approval and reporting of transactions by the Company and any of its related party in the best interest of the Company and its stakeholders. Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires that the Company shall formulate a policy on materiality of related party transactions and also on dealing with transactions pertaining to related parties, material non-listed Indian subsidiaries.

## 3. Definitions

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**"Act"** means The Companies Act, 2013

**"Arm's length price"**, pursuant to Income tax Act, 1961, OECD guidelines, Advance Rulings from tax authorities, judicial pronouncements, and other applicable provisions from time to time, means a price which is applied or proposed to be applied in a transaction between persons other than associated enterprises, in uncontrolled conditions.

**"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.

**"Associate Company"** shall have the same meaning as assigned to it under sub-section (6) of section 2 of the Companies Act, 2013 or any amendment thereto..

**“Board” or “Board of Directors”** means Board of Directors of the Company.

**“Company”** means “Prozone Intu Properties Limited.

**“Committee”** means ‘Audit Committee’ constituted or reconstituted by Board of Directors of the Company from time to time, under provisions of Regulation the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

**“Control”** includes the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

*Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position.*

**“Directors”** means Directors of the Company

**“Independent Director”** means a director referred to in Section 149(6) of the Companies Act, 2013

**“Key Managerial Personnel”** (KMP) means the personnel as referred to in Section 203 of the Companies Act, 2013

**“Ministry”** means the Ministry of Corporate Affairs

**“Material subsidiary”** shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year

**“Material Transaction”** means a transaction with a related party shall be considered material if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of annual consolidated turnover of the Company as per last audited financial statement of the Company.

**“Ordinary course of business”** would have the meaning as defined by the Institute of Chartered Accountants of India, The Companies Act 2013, and as per the guidelines and judicial and other pronouncements, as applicable from time to time.

**“Relative”** means and includes:

1. Spouse
2. Father (includes step-father)

3. Mother (includes the step-mother)
4. Brother (includes the step-brother)
5. Sister (includes the step-sister)
6. Son (includes the step-son)
7. Son's wife
8. Daughter
9. Daughter's husband
10. Members of HUF

**"Related Party"** means:

1. A director or his relative;
2. A Key Managerial Personnel or his relative;
3. A firm, in which a Director or Manager or his relative is a partner;
4. A private company in which a Director or Manager or his relative is a member or director;
5. A public company in which a Director or manager is a director and holds along with his relatives, more than 2% of its paid up share capital;
6. 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
7. Any person on whose advise, directions or instructions, a director or manager is accustomed to act;  
*Provided that noting in (6) and (7) shall apply to the advice, directions or instructions given in professional capacity;*
8. Any body corporate which is-
  - i) a holding, subsidiary or an associate company of such a company or
  - ii) a subsidiary of a holding company to which it is also a subsidiary; or
  - iii) an investing company or the venturer of the company
9. A director or key managerial personnel of the holding company or his relative with reference to a Company.

As per Reg. 2(zb) of SEBI (LODR) Regulations 2015, means a related party as defined under section 2(76) of the Companies Act, 2013 or under the applicable accounting standards

**"Related Party Transactions" (RPTs)**

**As per section 188 of the Companies Act, 2013-**

'Related Party Transaction' means any contract or arrangement with a related party with respect to:

- a. Sale, purchase or supply of any goods or materials
- b. Selling or otherwise disposing of, or buying, property of any kind
- c. Leasing of property of any kind

- d. Availing or rendering of any services
- e. Appointment of any agent for purchase or sale of goods, materials, services or property
- f. Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- g. Underwriting the subscription of any securities or derivatives thereof, of the company

**As per Reg. 2(zc) of the SEBI (LODR) Regulations, 2015:**

A 'Related Party Transaction' means a transfer of resources, services or obligations between a Company and a related party, regardless of whether price is charged.

A 'transaction' shall be construed to include single transaction or a group of transactions in a contract.

**"Senior Management Personnel"** shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the executive directors, including all functional heads.

**"Significant influence"** means control of at least 20% of total share capital, or of business decisions under an agreement.

**"Significant transaction or arrangement"** means any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

#### **4. Identification of Related Party Transactions**

The Responsible person (Company Secretary, Chief Financial Officer and Accounts Head) shall at all times maintain a database of Company's Related Parties containing the names of entities identified on the basis of the definition set forth in Definition Clause above, along with any revisions therein.

Responsible Person will update the list of Related Parties whenever necessary and shall review at least once a year, as at the beginning of every financial year.

Responsible Person shall collate the information, coordinate and send the Related Party List to the concerned employees, business heads, the Finance & Accounts Department, Auditors and others who he believes might be in the position to conduct/ make Related Party Transactions.

Functional departmental heads shall submit to the Responsible Person the details of proposed transaction(s) with details/ draft contract/ draft agreement or other supporting documents justifying that the transactions are on arms' length basis and in ordinary course of business at prevailing market rate. Based on this note, Company Secretary will appropriately take it up for necessary prior approvals from the Audit Committee at its next meeting and convey back the decision to the originator.

For the purpose of implementing the provisions under this Policy, the Board and the Audit Committee of Directors of the Company shall receive timely, full and sufficient information about the Transactions covered under this Policy.

In determining, whether to approve or not a Related Party Transaction, the Board will take into account, among other factors, recommendations of the Audit Committee, whether the said Transaction is in the interest of the Company and its stakeholders and there is no actual or potential conflict of interests between the related parties.

## 5. Procedures to deal with Related Part Transactions (RPTs)

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This Policy will operate within the framework of the Companies Act 2013, rules there under and the SEBI (LODR) Regulations, 2015, as amended from time to time. The policy prescribes that;

- A. All Related Party Transactions shall require **prior** approval of Audit Committee.
- i. All such transactions shall be accompanied with Management's justification for the same. The Audit Committee before approving such transactions will look into the interest of the Company and its Stakeholders in carrying out the Transactions and other related benefits. The Committee may accordingly approve or modify such transactions, in accordance with this policy.

ii. **Omnibus Approval by the Audit Committee:**

In the case of Transactions which are frequent/ regular/ repetitive in nature, the Audit Committee may grant omnibus approval to those transactions subject to the following conditions:

1. The Committee shall lay down the criteria for granting the omnibus approval.
2. The Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
3. Such omnibus approval shall specify

- a. The name/s of the related party, nature of transaction, period of transaction/ maximum amount of transaction that can be entered into;
- b. The indicative base price/ current contracted price and the formula for variation in the price, if any;
- c. Such other conditions as the Committee may deem fit.

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

4. The Committee shall review at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
5. Such omnibus approval shall be valid for a period not exceeding *one year* and shall require *fresh approval* after the expiry of one year.

- B. All **Material** Related Party Transactions (RPTs) shall require approval of shareholders through Resolution.

All related parties shall abstain from voting on such resolutions. It means all parties falling under the definition of related parties shall abstain from voting process irrespective of whether the entity is a party to the particular transaction or not.

- C. **Reference to/ approval of the Board:** If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case suo-moto elects to review any such matter, or it is mandatory under any law for the Board to approve the Related Party Transaction, then the Board shall review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances

#### **Exemptions:**

Notwithstanding the foregoing, the following Related Party Transactions shall not require prior approval of Audit Committee or Board of Directors or Shareholders of the Company:

- i. Any transaction(s) between the Company and its wholly owned subsidiary (ies) whose accounts are consolidated with the accounts of the Company.
- ii. Any transaction that involves payment of compensation to a director or Key Managerial Personnel in connection with his 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.
- iii. 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

#### **D. Related Party Transactions not previously approved**



In the event the Company becomes aware of any Transaction with a Related Party which has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee.

The Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the said Related Party Transaction.

The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without appropriate approval, the Committee may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction.

However, in connection with any review of a Related Party Transaction, the Audit Committee shall have the authority to modify or waive any procedural requirements of this Policy

## 6. Provisions related to subsidiary companies:

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- a) The Audit Committee of the listed holding company, shall review the financial statements, in particular, the investments made by the unlisted Subsidiary.
- b) The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board Meeting of the listed holding company.
- c) The management should periodically bring to the attention of the Board of Directors of the listed holding Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

### **Additional provisions related to Material Subsidiaries**

The Company, without the prior approval of the members by special resolution shall not:

1. a) Dispose of shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b) Cease the exercise of control over the Material Subsidiary

*Except in cases where such disinvestment is made under the scheme of arrangement duly approved by a Court/ Tribunal.*

2. Sell, dispose of or lease the assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year;

*Except in cases where such divestment, sale, disposal, lease as the case may be is made under a scheme of arrangement duly approved by the Court / Tribunal.*

#### **Additional provisions related to Material non-listed Indian Subsidiaries**

- a) At least one independent Director on the Board of Directors of holding Company shall be director on the Board of Directors of Material Non-listed Indian Subsidiary Company.

#### **7. Disclosures**

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Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

The Company shall disclose the policy on dealing with Related Party Transactions and material subsidiary on its website and a web link thereto shall be provided in the Annual Report.

#### **8. Amendments to the Policy**

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The Audit Committee and the Board of Directors as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

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