

SEMICONDUCTOR LIMITED

RRP SEMICONDUCTOR LIMITED

RELATED PARTY TRANSACTION POLICY



SEMICONDUCTOR LIMITED

I. INTRODUCTION:

The Board of Directors of **RRP Semiconductor Limited** ('the Company') has adopted this 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 and rules made there-under ('Act') read with Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (Including any Modification(s) or Re-enactment (s) from time to time (the "SEBI Listing Regulations") in order to ensure the transparency and procedural fairness of related party transactions.

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 transactions entered by the Company and whether the said transactions are consistent with the Company's and its shareholder's interest.

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.

II. OBJECTIVE OF THE POLICY:

The Objective of this Policy is to set out the materiality thresholds for related party transactions and the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company. 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.



III. **DEFINITIONS:**

"The Company" means "RRP Semiconductor Limited".

"The Act" means The Companies Act, 2013 and rules made thereunder including any amendment(s) or modification(s) or re-enactment(s) thereof from time to time.

"Arm's Length Transaction" means a Transaction(s) between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

"Associate Company" in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

(a) the expression "Significant Influence" means control of at least 20% total voting power, or control of or participation in business decisions under an agreement;

(b) the expression "Joint Venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

"Material Transaction" means 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 Rs. 1000 Crores or 10% of Annual Consolidated Turnover of the Company as per last audited financial statements of the Company, whichever is Lower.
Whereas 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, exceeds 5% percent of the Annual Consolidated Turnover of the Company as per the last audited financial statements of the Company.



"Material Modification" in terms of SEBI Listing Regulations, Material Modification means any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% (Twenty Percent) or more, in the relevant previously approved related party transaction.

"Ordinary course of business" means the usual transactions, transactions entered in normal routine for managing trade or business, customs and practices undertaken by the Company to conduct its business operations and activities and includes such transactions which are entered into in the normal course of the business pursuant to or for promoting or in furtherance of the company's business objectives as well as all such activities which the Company can undertake as per Memorandum & Articles of Association of the Company.

"Policy" means Related Party Transaction Policy.

"Relatives" means relative as defined under Section 2(77) of the Act and rules prescribed thereunder from time to time.

"Related Party" means related party as defined under Section 2(76) of the Companies Act 2013 and rules framed thereunder or under applicable accounting standards.

The following shall also be treated as the Related Party for the Company:

(a) All 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) to the extent of 20% or more.
    (ii) to the extent of 10% or more, *(applicable w.e.f. April 1,2023)*

in the Company either directly or on a beneficial interest basis as provided under section 89 Companies Act, 2013, at any time, during the immediately preceding financial year Shall be deemed to be Related Party.



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"Related Party Transaction or transaction ("RPT)" means transaction covered under section 188 of the Act and includes such transaction in the nature of contract involving transfer of resources, services or obligations between the Company and the Related Party, regardless of whether a price is charged.

Explanation – A "transaction" with a Related Party shall be construed to include single or a group of transactions in a contract.

The RPT shall include transactions between –

a. 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;

b. 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.

Further, following transactions will not considered as RPT and prior Approval of Audit Committee will not be required for the same:

(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 by the Company 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) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the SEBI:

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013, SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 including amended thereof, from time to time, or any other applicable laws and regulations, shall have the meaning respectively assigned to them therein.

IV. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS:

The Responsible person (Company Secretary, Chief Financial Officer, and Accounts/Finance Head) shall always maintain a database of Company's Related Parties containing the names of entities identified based on 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 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.



V. **PROCEDURES TO DEAL WITH RELATED PARTY TRANSACTIONS:**

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

A. All Related Party Transactions and subsequent material modifications shall require prior approval of Audit Committee of the Company.

Prior approval of the Audit committee shall be also required for:

1. RPTs where Company's subsidiary is a party, but the Company is not a party, if the value of such transaction, whether entered individually or taken together with previous transactions during a financial year exceeds 10% of the consolidated turnover of the Company, as per the last audited financial statements of the Company;

2. RPT's to which the Company's subsidiary is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of such subsidiary. *(Applicable w.e.f April 1, 2023)*

However, prior approval of the audit committee of the Company shall not be required for RPTs where a listed subsidiary of the Company is a party, but the Company is not a party, if Regulation 23 and 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.

In case of related party transactions of unlisted subsidiaries of a Listed Subsidiary as referred as above, prior approval of the audit committee of the listed subsidiary shall suffice.



Provided that Members of the audit committee, who are independent directors, shall only approve the related party transactions.

i. Transactions shall be accompanied with Management's justification: The Audit Committee before approving any 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 further that where the need of RPT's 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 RPT's entered by the Company pursuant to each of the omnibus approval given. The audit Committee Shall also review the Status of long term i.e. more than one year or recurring RPT's on an Annual Basis.

5. Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

B. All Material Related Party Transactions (MRPTs) shall require approval of shareholders:

All Material Related Party Transactions ('MRPT's') and subsequent Material Modifications thereof shall require prior approval of shareholders through Resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not. The notice along with explanatory statement being sent to the shareholders seeking approval for any proposed RPT's shall, in addition to the requirements as mentioned under the Companies Act, 2013.

However, the prior approval of Shareholders is not required 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;
c) Transactions entered into between two Wholly Owned Subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

Provided that prior approval of shareholders of the Company shall not be required for RPTs where listed subsidiary is a party, but the Company is not a party if regulation 23 and 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary. In case of related party transactions of unlisted subsidiaries of a Listed Subsidiary as referred as above, prior approval of the shareholders of the listed subsidiary shall suffice.



VI. **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.

VII. **RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:**

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of 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 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 under this Policy and shall take any such actionit deems appropriate.

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.

VIII. **DISCLOSURES:**

A. **Disclosure of interests:**

- All Directors / KMPs are required to disclose the entities in which they or their relatives are or deemed to be interested, in the prescribed form;

- Each Director and KMP of the Company shall promptly notify the Company Secretary of any material transaction or Relationship that could reasonably be expected to give rise to any conflict of interest;
- The Company shall maintain Register in the prescribed form;
- Details of all material transactions with related parties shall be disclosed, quarterly in the Compliance Report on Corporate Governance, as required under SEBI Listing Regulations.

B. **Disclosure of Related Party Transaction with Stock Exchanges:**

The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website.

Provided that the Company shall make such disclosures every six months within fifteen days from the date of publication of its standalone and consolidated financial results;

Provided further that the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results simultaneously.

C. **Disclosure of Related Party Transaction entered with the Company:**

Each Director and KMPs of the Company is responsible for providing declaration / notice to the Company Secretary about Related Party Transaction involving the Company and him or her or an entity wherein he / she or his / her relative is interested, including any additional information about the transaction that the Company Secretary may reasonably request. The Company Secretary in consultation with the management and an independent counsel, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.



IX. **AMENDMENTS IN LAW:**

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 review/revision/ amendment in accordance with the Rules, Regulations, Notifications etc. onthe 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 under 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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