

XPRO INDIA LIMITED

Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions

Related Party Transactions shall be regarded as material if the particular transaction or transactions to be entered individually or taken together with previous transactions *of a similar nature* during a financial year exceed 10% of the annual consolidated turnover of the Company as per the latest audited financial statements of the Company. Where a Related Party Transaction is regarded as material, the procedure for approval by an Ordinary Resolution of the shareholders alongwith the prescribed safeguards under Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 shall be followed.

All Related Party Transactions including material Related Party Transactions shall be subject to prior approval by the Audit Committee. Any subsequent modification therein shall also be subject to the approval by the Audit Committee.

Each Director and Key Managerial Personnel is required to furnish notice of his/her interest and changes therein and the parties who may be regarded as Related Party to the Company are to be identified therefrom. Based on this list of Related Parties, the management has to exercise due caution in entering into contracts with such parties. As and when such a contract is contemplated, all due formalities as specified under Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as well as the Companies Act, 2013 and the Rules made thereunder as amended or clarified from time to time, shall be complied with.

Apart from approval by Audit Committee, Related Party Transactions which are not in the ordinary course of business or not at arm's length price need to be consented to at a meeting of Board of Directors of Company in accordance with such conditions as may be prescribed, particularly in respect to matters specified in sub-section (1) of Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014. If the value of such transaction exceeds the prescribed limits, the said transactions can be entered into only with approval of the shareholders by way of Ordinary Resolution.

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Criteria for grant of omnibus approvals

The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature in accordance with the following criteria in line with the Companies (Meetings of Board and its Powers) Rules, 2014 as amended: -

1. Such transactions are in the ordinary course of business and are frequent.
2. Repeated approvals of similar nature of transactions of small value will entail devotion of substantial time on the part of the Audit Committee without any commensurate value addition.
3. The aggregate value of such transactions are well within the prescribed limits for materiality under Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and under Section 188 of the Companies Act, 2013. The maximum value per transaction also cannot exceed such limits.
4. To facilitate the smooth functioning of the day to day working of the Company, such omnibus approvals shall be in the interest of the Company.
5. For omnibus approval, the specified details like name of related party, nature of transactions, period for which approval is sought, upper limit of the value of such transactions, indicative base price/current contracted price and formula for variation in price and any other relevant/important information should be made available to the Audit Committee who may impose such conditions as may be deemed fit.
6. Where a Related Party Transaction cannot be foreseen and the above details are not available, the Audit Committee may grant the omnibus approval for such transactions subject to the value not exceeding Rs. 1 Crore per transaction.
7. Omnibus approval shall be valid for one financial year and may be renewed thereafter.
8. Details of Related Party Transactions entered into pursuant to the omnibus approval shall be placed before the Audit Committee on a quarterly basis.
9. Transactions which are prohibited for grant of omnibus approval cannot be so approved by the Audit Committee.