POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS

I. INTRODUCTION

This Policy is formed as a part of the Corporate Governance Framework based on the requirements of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") and requirements under Section 177 and Section 188 of the Companies Act, 2013 and the rules made thereunder ("the Act").

II. DEFINITIONS

For the purposes of this Policy, the following definitions apply:

(1) “Arm’s Length Transaction” means a transaction between two parties that is conducted as if they were unrelated, so that there is no conflict of interest;
(2) “Audit Committee” means Audit Committee of the Board of the Company as constituted under the relevant provisions of the LODR Regulations and the Act;
(3) “Board” means the Board of Directors of the Company;
(4) “Company” means New Delhi Television Limited;
(5) “Material Modification” means any modification to an existing Related Party Transaction having a variance of 10% of the existing limit as sanctioned by the Audit Committee / Board / shareholders of the Company, as the case may be;
(6) “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 during a financial year, exceeds the following thresholds:

(i) In case of transactions involving payments made to a Related Party with respect to brand usage or royalty, exceeding 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company; and
(ii) In case of any other transactions, if the value of the transactions exceeds Rupees one thousand crore or 10% of the annual consolidated turnover of the Company
as per the last audited financial statements of the Company, whichever is lower;

(7) “Policy” means this policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions;

(8) “Related Party” means the following:

A person or an entity shall be considered related to the Company if:

(i) Such person or entity is a related party as defined under Section 2(76) of the Act; or

(ii) Such person or entity is a related party under the applicable accounting standards.

Provided that the following shall be deemed to be a related party:

(i) any person or entity forming a part of the promoter or promoter group of the Company; or

(ii) any person or any entity, holding equity shares in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Act, at any time, during the immediate preceding financial year:

(a) of 20% or more; or

(b) with effect from April 1, 2023, of 10% or more;

(9) “Related Party Transaction” means a transaction envisaged as a related party transaction under the Act or under the LODR Regulations (as amended from time to time);

(10) “Relative” means a relative as defined under Section 2(77) of the Act; and

(11) “SEBI” means Securities and Exchange Board of India.

All capitalized terms not specifically defined above shall have the meanings ascribed to such terms under the LODR Regulations.

III. PROCESS AND PROCEDURE FOR DEALING WITH RELATED PARTY TRANSACTIONS, AND THEIR REVIEW

(1) Prior approval of the Audit Committee is required to be taken for entering into all Related Party Transactions and subsequent Material Modifications thereof. However, only those members of the Audit Committee, who are independent directors, shall approve such
Related Party Transactions.

(2) A Related Party Transaction to which a subsidiary of the Company is a party, but the Company is not a party, shall require prior approval of the Audit Committee if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year:

(i) exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company;

(ii) with effect from April 1, 2023, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

(3) Prior approval of the Audit Committee shall not be required for a Related Party Transaction to which a listed subsidiary of the Company, if any, is a party, but the Company is not a party, provided that Regulation 23 and sub-regulation (2) of Regulation 15 of the LODR Regulations are applicable to such listed subsidiary. In case of Related Party Transactions involving unlisted subsidiaries of a listed subsidiary as referred to above, prior approval of the audit committee of the listed subsidiary shall suffice.

(4) The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company, subject to such conditions as prescribed under the LODR Regulations and the Act.

(5) The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approvals granted. Omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

(6) The Audit Committee of the Company shall also be required to review the status of long-term Related Party Transactions that are valid for a period of more than one year, or transactions of a recurring nature on an annual basis.

(7) Prior approval of the Board is required to be taken before entering into Related Party Transactions which are not in the ordinary course of business and not on an arm’s length basis in accordance with the provisions of the LODR Regulations and the Act. Where any director of the Company is interested in any contract or arrangement with a Related Party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement and shall not vote on the
approval of such a transaction.

(8) Such Related Party Transaction that is not in the ordinary course of business or not on arm’s length basis shall also be placed before the shareholders for their prior approval if it exceeds the threshold limits prescribed under the Act.

(9) Prior approval of the shareholders of the Company, through an ordinary resolution (where no Related Party shall vote to approve such a resolution), shall be required to be taken before entering into all Material Related Party Transactions, and subsequent Material Modifications, irrespective of the fact as to whether the Company is a Related Party to a particular transaction or not.

(10) However, prior approval of the shareholders of the Company shall not be required for a Related Party Transaction to which a listed subsidiary of the Company is a party, but the Company is not a party, if Regulation 23 and sub-regulation (2) of Regulation 15 of the LODR Regulations are applicable to such a listed subsidiary and for other such cases as may be prescribed under the LODR Regulations. Furthermore, for Related Party Transactions of unlisted subsidiaries of a listed subsidiary as referred to above, prior approval of the shareholders of the listed subsidiary in question shall be sufficient.

(11) The requirement set out under para (9) above shall not apply in respect of a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code, 2016, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

IV. RELATED PARTY TRANSACTIONS NOT REQUIRING APPROVAL UNDER THIS POLICY

The following Related Party Transactions shall not require any separate approval under this Policy:

(1) Transactions that have been approved by the Board under the specific provisions of the Act, e.g., inter-corporate deposits, borrowings, investments, etc. with or in wholly owned subsidiaries whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval;

(2) Payment of dividend;
(3) Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off, etc. which are approved by the Board and carried out in accordance with specific provisions of the LODR Regulations and the Act; and

(4) Contribution towards corporate social responsibility within the overall limits approved by the Board that require approval of the CSR Committee;

(5) Issue of specified securities on a preferential basis, subject to compliance with the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(6) Subdivision or consolidation of securities;

(7) Issuance of securities by way of a rights issue or a bonus issue; and

(8) Investment in units issued by mutual funds which are listed on a recognised stock exchange(s).

V. INFORMATION TO BE REVIEWED BY THE AUDIT COMMITTEE FOR APPROVAL OF RELATED PARTY TRANSACTIONS

The Company shall provide the following information to the Audit Committee for its review for approval of a proposed Related Party Transaction:

(1) Type, material terms and particulars of the proposed transaction;

(2) Name of the Related Party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);

(3) Tenure of the proposed transaction (particular tenure is required to be specified);

(4) Value of the proposed transaction;

(5) The percentage of the Company’s annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction. For a Related Party Transaction involving a subsidiary, such percentage is required to be calculated on the basis of the subsidiary’s annual turnover on a standalone basis and be provided to Audit Committee;

(6) If a Related Party Transaction relates to any loans, inter-corporate deposits, advances, or investments made or given by the Company or its subsidiary:
(i) details of the source of funds in connection with the proposed transaction;
(ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances, or investments:
(a) nature of indebtedness;
(b) cost of funds; and
(c) tenure;
(iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security;
(iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction;

(7) Justification as to why the Related Party Transaction is in the interest of Company;

(8) A copy of the valuation or other external party report, if any such report has been relied upon;

(9) Percentage of the counter-party’s annual consolidated turnover that is represented by the value of the proposed Related Party Transaction on a voluntary basis; and

(10) Any other information that may be relevant.

VI. INFORMATION TO BE PROVIDED TO SHAREHOLDERS OF THE COMPANY FOR CONSIDERATION OR APPROVAL OF RELATED PARTY TRANSACTIONS

The notice being sent to the shareholders seeking approval for any proposed Related Party Transaction shall, in addition to the requirements set out under the Act, include the following information as a part of the explanatory statement:

(1) A summary of the information provided by the management of the Company to the Audit Committee;

(2) Justification for why the proposed transaction is in the interest of the Company;

(3) Where the transaction relates to any loans, inter-corporate deposits, advances, or investments made or given by the Company or its subsidiary, the following details shall be specified:
(i) details of the source of funds in connection with the proposed transaction;
(ii) where any financial indebtedness is incurred to make or give loans, intercorporate deposits, advances, or investments:
   (a) nature of indebtedness;
   (b) cost of funds; and
   (c) tenure;
(iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security;
(iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction;

(4) A statement that the valuation report or other external report, if any, relied upon by the Company in relation to the proposed Related Party Transaction will be made available through the registered email address of the shareholders;
(5) Percentage of the counter-party’s annual consolidated turnover that is represented by the value of the proposed Related Party Transaction, on a voluntary basis; and
(6) Any other information that may be relevant.

VII. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

The potential Related Party Transaction shall be any contract or arrangement entered by the Company with a Related Party such as:

(1) Sale, purchase or supply of any goods or materials;
(2) Selling or otherwise disposing of, or buying property of any kind;
(3) Leasing of property of any kind;
(4) Availing or rendering of any services;
(5) Appointment of any agent for purchase or sale of goods, materials, services or property;
(6) Appointment of a Related Party to any office or place of profit in the Company, its subsidiary company or associate company;
(7) Underwriting the subscription of any securities or derivatives thereof, of the Company; and
Any other transaction involving transfer of resources, services or obligations between the Company and the Related Party, regardless of whether a price is charged.

VIII. DISCLOSURE

(1) The particulars of contracts or arrangements with Related Parties referred to in Section 188(1) of the Act shall be disclosed in the Board’s report in Form AOC-2 enclosed as Annexure - I.

(2) All Material Related Party Transactions that are entered into, shall be disclosed on a quarterly basis along with the compliance report on corporate governance submitted to the stock exchanges on which the Company is listed. Additionally, the Company shall make disclosures of Related Party Transactions to the stock exchanges on which it is listed, every 6 months, in the format prescribed by SEBI from time to time, within the following timelines stipulated by SEBI:
   (i) Within 15 days from the date of publication of its standalone and consolidated financial results; and
   (ii) With effect from April 1, 2023, on the date of publication of its standalone and consolidated financial results.

(3) The Company shall disclose this Policy on Related Party Transactions on its website and a web link thereto shall be provided in the annual report.

(4) The Company shall submit disclosures of Related Party Transactions to the stock exchanges within the timelines and as per the format as may be specified by SEBI from time to time and publish the same on its website.

IX. AMENDMENT AND REVIEW OF THIS POLICY

The Company reserves the right to amend or modify this Policy in whole or in part, at any point of time. The Board shall review the Policy at least once in every 3 years for making suitable amendments for better implementation of the Policy and the Company shall update the same on its website. Any subsequent amendment / modification in the LODR Regulations, the Act and / or applicable laws in this regard shall automatically apply to this Policy and in case of a provision
rendering this Policy inconsistent with the provisions of the Act or the LODR Regulations, the Act / the Regulations will prevail over the Policy.

Note:
The provisions of the Companies Act, 2013 and rules thereto and the LODR Regulations to the extent applicable, shall be applicable in addition to this Policy.