

CELLA SPACE LIMITED - POLICY ON RELATED PARTY TRANSACTIONS

(Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time)

1. SCOPE AND PURPOSE OF THE POLICY

Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulation 23") and as amended from time to time, Cella Space Limited (Company) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions. In the light of the above, the Company has framed this Policy on Related Party Transactions ("Policy"). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee will review and amend the Policy, as and when required, subject to adoption by the Board.

2. OBJECTIVE OF THE POLICY

The objective of this Policy is to set out 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.

DEFINITIONS

"Act" means the Companies Act, 2013 and Rules made thereunder as amended from time to time

"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.

Explanation.—For the purposes of this clause- (a) the expression "significant influence" means control of at least twenty percent of 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.

"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 a committee of the Board of Directors of the Company constituted under provisions of the Act and Listing Regulations.

"**Board**" shall mean Board of Directors of the Company.

"Company" means Cella Space Limited

“Control” as defined under the Act 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.

“Holding Company” shall have the meaning as specified under section 2(46) of the Companies Act, 2013.

“Key Managerial Personnel” or **“KMP”** shall have the meaning as defined in the Companies Act 2013 and as amended from time to time.

“Material Modification in Related Party Transaction”

“Material modification in a related party transaction” means any modification related to change in price, tenure, delivery schedule, non-statutory obligations, terms and conditions or short closure of any contract or arrangement with related party.

Material Related Party Transactions

Sr.No	Transactions	Limit
1	Sale, purchases or supply of any goods or materials, directly or through appointment of agent	Amounting to Rupees 1000 Crore or 10% of the turnover of the Company, whichever is lower.
2	Leasing of property of any kind	
3	Availing or rendering of any services, directly or through appointment of agent	Explanation: The above limit is applicable for the transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
4	Selling or otherwise disposing of, or buying property of any kind, directly or through appointment of agent	Amounting to Rupees 1000 Crore or 10% of the net worth or 10% of the turnover of the Company, whichever is lower. Explanation: The above limit is applicable for the transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
5.	Appointment of a Related Party to any office or place of profit in the Company, its Subsidiary Company or Associate Company	Where monthly remuneration exceeds Rs. 2,50,000.
6.	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company	For amount exceeding 1% of Net Worth of the Company
7.	A transaction involving payments made to a related party with respect to brand usage or royalty	Amounting to Rupees 500 Crore or 5% of the annual consolidated turnover of the Company, whichever is lower.

		Explanation: The above limit is applicable for the transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
	Annual turnover and net worth referred above shall be computed as per Audited Financial Statements for the preceding financial year.	

“Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

“Related Party”

a. Under the Companies Act, 2013

“Related Party” means, with reference to a company;

- i) A director or his relative;
- ii) Key Managerial Personnel or his relative;
- iii) A firm, in which a director, manager or his relative is a partner;
- iv) A private company in which a director or manager or his relatives is a member or director;
- v) 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;
- vi) A 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, except when such advice is given in a professional capacity;
- vii) Any person on whose advice, directions or instructions a director, or manager is accustomed to act, except when such advice is given in a professional capacity;
- viii) any body corporate which is—
 - (a) a holding, subsidiary or an associate company of such company;
 - (b) a subsidiary of a holding company to which it is also a subsidiary; or
 - (c) an investing company or the venturer of the company;

Explanation.—For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

ix) A director, other than an Independent Director, or Key Managerial Personnel of the Holding Company or his relative with reference to a company, shall be deemed to be a Related Party.

Here the term “Relative” means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if—

- i. They are members of a Hindu undivided family;
- ii. They are husband and wife; or
- iii. One person is related to another in the following manner, namely:
 - (a) Father (including step-father)

- (b) Mother (including step-mother)
- (c) Son (including step-son)
- (d) Son's wife
- (e) Daughter
- (f) Daughter's husband
- (g) Brother (including step-brother)
- (h) Sister (including step-sister)

As per Listing Regulations

"Related Party" means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that:

- (a) any person or entity forming part of the promoter or promoter group of the listed entity; or
- (b) any person or entity, holding equity shares of twenty percent or more in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time,

shall be deemed to be a related party.

As per Indian Accounting Standard (Ind AS) 24

A "Related Party" is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control of the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

"Related Party Transactions"

a. Under the Companies Act, 2013

Any contract or arrangement with respect to the following shall be considered as a Related Party Transactions (RPTs):

- i) sale, purchase or supply of any goods or materials;
- ii) selling or otherwise disposing of, or buying, property of any kind;

- iii) leasing of property of any kind;
- iv) availing or rendering of any services;
- v) appointment of any agent for purchase or sale of goods, materials, services or property;
- vi) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- vii) underwriting the subscription of any securities or derivatives thereof of the Company.

Notwithstanding the foregoing, the following shall not be deemed RPTs:

- i) Any transaction which is in the ordinary course of business and on an arms' length basis as determined in terms of this Policy.
- ii) Any other exception which is consistent with the Applicable Laws, including any rules or regulations made there under.

b. As per Listing Regulations

A "Related Party Transaction" means a transaction involving a transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity 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 listed entity or any of its subsidiaries; regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. sub-division or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation and as amended from time to time.

3. MANNER OF DEALING WITH RELATED PARTY TRANSACTION

Identification of Related Parties

The Company shall identify and update the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI Listing Regulations.

Identification of Related Party Transactions

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 read with Section 177 of the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations. The Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company will seek external expert opinion, if necessary.

4. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION

1. Transactions which are on arm's length basis and are in ordinary course of business

(a) Prior approval of Audit Committee.

Provided that only those members of the Audit Committee, who are Independent Directors, shall approve RPTs.

(b) Prior approval of shareholders by way of ordinary resolution if such RPTs are "Material Related Party Transactions" as defined above.

2. Transactions which are either not on arm's length basis and / or not in ordinary course of business

(a) Recommendation of Audit Committee prior to the transaction. Provided that only those members of the Audit Committee, who are Independent Directors, shall recommend RPTs.

(b) Prior approval of Board of Directors.

(c) Prior approval of shareholders by way of ordinary resolution if such RPTs are "Material Related Party Transactions" as defined above.

3. Omnibus approval by Audit Committee

The Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the Company subject to the following conditions:

(a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature.

(b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;

(c) Such omnibus approval shall specify:

i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;

ii) the indicative base price / current contracted price and the formula for variation in the price if any; and

iii) such other conditions as the Audit Committee may deem fit.

(d) Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available,

Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

(e) Audit 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.

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

4. Transactions to which subsidiary of the company is a party but the company is not a party

Prior approval of Audit Committee if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

Restrictions On Participation By Interested Director In The Audit Committee/ Board Meeting

Where any director 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.

Voting by related parties

No related party shall vote to approve RPTs requiring Shareholders' approval, irrespective of whether the entity is a related party to the particular transaction or not.

5. DISCLOSURES

The Company is required to disclose this Policy on dealing with RPTs on its website and a web link thereto shall be provided in the Annual Report of the Company. The Annual Report of the Company shall also contain the disclosures on related parties as required under the Listing Regulations.

Details of all Material RPTs shall be disclosed quarterly along with the Company's Compliance Report on Corporate Governance, in accordance with the Listing Regulations as amended from time to time.

The Company shall submit to the stock exchanges disclosures of RPTs in the format as specified by the SEBI from time to time, every six months within fifteen days from the date of publication of its standalone and consolidated financial results, and publish the same on its website.

6. REVIEW OF THE POLICY

The adequacy of this Policy shall be reviewed and reassessed by the Committee periodically and appropriate recommendations shall be made to the Board to update the same based on the changes that may be brought about due to any regulatory amendments or otherwise.

7. COMPLIANCE RESPONSIBILITY

Compliance of this Policy shall be the responsibility of the Audit Committee who shall have the power to ask for any information or clarifications from the management in this regard.