

FLAGSHIP DEVELOPERS PRIVATE LIMITED
(CIN: U45201PN2005PTC020888)

Registered Office Address: Blue Ridge, Near Cognizant, Rajiv Gandhi Infotech, Park-Phase 1, Hinjewadi,
Pune – 411057

POLICY FOR DEALING WITH RELATED PARTY TRANSACTIONS

1. Preamble

The Board of Directors (the Board) of **Flagship Developers Private Limited** (the Company) has adopted the following policy and procedures with regard to related party transactions as defined below. The Audit Committee will review and may amend this policy from time to time.

This policy is to regulate transactions between the Company and its related parties based on the applicable laws and regulations.

2. Purpose

This policy is framed as per requirement of approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed there under and listing agreement entered by Company with Stock Exchange, if any which is intended to ensure the proper approval and reporting of transactions between the Company and its related parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in its financial statements certain transactions between the Company and related parties as well as policies concerning transactions with related parties.

3. Definitions

“**Audit Committee or Committee**” means Committee consisting of Board of Directors of the Company as per the provisions of Equity Listing agreement and the Companies Act, 2013 (the Act).

“**Board**” means body of elected directors of the Company responsible for overseeing operations of the Company.

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 which is as follows – “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.

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“Key Managerial Personnel” means key managerial personnel (KMP) as defined under the Act and includes (i) Managing Director, or Chief Executive Officer or manager and in their absence, a wholetime director; (ii) Company Secretary; and (iii) Chief Financial Officer

“Material Related Party Transaction” means a transaction with a related party if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10 percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Policy” means related party transaction policy.

Related party is defined under section 2(76) of the Act and Listing Agreement as:

- i. director or his relative;
 - ii. Key Managerial Personnel or his relative;
 - iii. firm, in which a director, manager or his relative is a partner;
 - iv. private company in which a director or manager or his relative is a member or director;
 - v. 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. any body corporate whose Board of Directors (BOD), managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager (except where provided in professional capacity);
 - vii. any person under whose advice, directions or instructions a director or manager is accustomed to act (except where provided in professional capacity);
 - viii. any company which is - – a holding, subsidiary, joint venture or an associate of such company; or – a subsidiary of a holding company to which it is also a subsidiary; or
 - ix. a director or KMP of the holding company of such company or his relative x. a related party as per accounting standard 18
- Relative: Relative is defined under section 2(77) of the Act as below:

“Relative” with reference to any person, means anyone who is related to another, if— • they are members of a Hindu Undivided Family; • they are husband and wife; or • one person is related to the other in such manner as may be prescribed Companies (Specification of definitions details) Rules, 2014 further expand the definition of a relative by specifying that a person shall be deemed to

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be the relative of another, if he or she is related to another in the following manner, namely – •
Father (includes step-father) • Mother (includes step-mother) • Son (includes the step-son) • Son's
wife • Daughter • Daughter's husband • Brother (includes step-brother) • Sister (includes step-sister)

4. Policy:

All related party transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy. The Audit committee may grant general approval for repetitive related party transactions specifying details like name, nature, base price, maximum amount and the period of transaction. Such general approval will be valid for a period of one year and a fresh approval shall be taken for every financial year.

4.1 **Identification of Potential Related Party Transactions:** The Company has made a list of related parties after considering the requirements and based on the annual declaration received from individuals like directors and KMP. The directors and KMP's are also required to inform the Company of any changes to such declaration during the year.

4.2 **Prohibitions related to Related Party Transactions:** Section 177 of the Act requires Audit committee of a company to approve all related party transactions. Considering that frequency of such transactions, the Committee may look at the nature of these transactions and give its general approval specifying the terms like name, nature, base price, maximum amount, period of the transaction and subject to such modifications as it deems fit. As per section 188 of the Act, the consent of the Board/Shareholders' approval is required, by a special resolution or in a general meeting, for entering into the specified transactions with a related party, if they are not in ordinary course of business of the Company or at arm's length and exceeds the threshold limits as specified in the Act.

Where the need for a related party transaction cannot be foreseen and aforesaid details are not available, prior approval of Audit Committee will not be required for such transaction subject to its value not exceeding 1 crore. All such transactions will be placed in the Audit Committee Meeting immediately following after such transaction has been done.

Further, all material related party transactions shall require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions. Transaction or transactions individually or taken together will be considered as material if they exceed 10% of the annual consolidated turnover as per last audited accounts. Further, the transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with

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such holding company and placed before the shareholders at the general meeting for approval, are exempt from prior approval of audit committee approvals for all related party transactions and shareholder approvals for all material related party transactions. However, if a transaction is not at arm's length or is not in ordinary course of business, the Company will take the necessary approvals as required by the regulations.

4.3 Review and Approval of Related Party Transactions: All related party transactions will be placed before the Audit Committee for its review and approval subject to 4.2 above. Any member of the Committee who is a related party will recuse himself or herself and refrain from discussion and voting on the approval of the related party transaction.

To review a related party transaction, the Committee will be provided with relevant material information of the related party transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company, arm's length principles and any other relevant matters. In determining whether to approve a related party transaction, the Committee will consider the following factors, among others, to the extent relevant to the related party transaction:

- The fairness and arm's length or otherwise of the related party transaction after applying the same basis as if the transaction did not involve a related party;
- The business reasons for the Company to enter into the related party transaction and the nature of alternative transactions, if any;
- Impact on independence of an independent director of related party transaction;
- Any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the related party transaction would present an improper conflict of interest for any director or KMP of the Company, taking into account the size of the transaction, the overall financial position of the director or other related party, the direct or indirect nature of the director's, KMP's or other related party's interest in the transaction and the on-going nature of any proposed relationship and any other factors the Board/Committee deems relevant.
- Any other relevant information regarding the transaction.

If the Committee determines that a related party transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for the Board to approve the related party transaction, then the considerations set forth above shall apply to the

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Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Notwithstanding the foregoing, the following related party transactions shall not require approval of Audit Committee:

- i. Any transaction that involves the providing of compensation to a director or KMP in connection with his or her 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. This will be dealt with by the Nomination and Remuneration Committee.
- ii. 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. All related party transactions, including the above, will be placed before the Audit Committee at least on quarterly basis.

5. **Related Party Transactions not approved under this Policy:** A related party transaction entered into without approval of the Committee shall be brought to the Committee as promptly as reasonably practical after it is entered into.

The above policy will be modified to be in line with regulations including the Companies Act, 2013 and guidelines issued by SEBI.