



Extraordinary Together

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

### **1. Preamble**

ZEE Entertainment Enterprises Limited (“the Company” or “ZEEL”) is committed to good corporate governance practices. As a matter of practice, the Company follows arm’s length basis in transacting business with its related parties, which are in the ordinary course of business.

The Board of Directors has adopted this Policy upon recommendation of the Audit Committee. The Policy on dealing with and materiality of related party transactions includes materiality thresholds and the manner of dealing with Related Party Transactions (“the Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 (“Act”) and Rules thereunder; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and applicable Indian Accounting Standard Requirements. Amendments, from time to time, to the Policy, if any, shall be considered by the Board of Directors based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

### **2. Purpose**

This policy is framed pursuant to the requirements of Regulation 23 of Listing Regulations and is intended to ensure the transparency and fairness in dealing with Related Party Transactions (on standalone and consolidated basis).

### **3. Definitions**

**3.1 “Arms’ 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.

**3.2 “Audit Committee”** shall mean the Committee of Board of Directors of the Company constituted under provisions of Section 177 of the Act read with Regulation 18 of Listing Regulations.

**3.3 “Board”** shall mean the Board of Directors of the Company.

**3.4 “Key Managerial Personnel”** means key managerial personnel as defined under the Act.



Extraordinary Together

**3.5 “Material Related Party Transaction under Listing Regulations”** means:

- a. any transaction with a related party (other than a Wholly-owned Subsidiaries whose accounts are consolidated with the Company) if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the company as per the last audited financial statements of the Company.
- b. a transaction involving payments made to a related party with respect to brand usage or royalty, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

**3.6 “Material Related Party Transaction under the Act”** means transactions by the Company with related parties defined under Section 2 (76) of the Act of following nature, that are either not in the ordinary course of business or not on an arm’s length basis:

- a. sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of the turnover of the Company;
- b. selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agent, amounting to 10% or more of the net worth of the Company;
- c. leasing of property of any kind amounting to 10% or more of the turnover of the Company;
- d. availing or rendering of any services directly or through appointment of agent, amounting to 10% or more of the turnover of the company;
- e. such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding Rs. 2,50,000; and
- f. remuneration for underwriting the subscription of any securities or derivatives thereof, of the company 1% of the net worth.

**3.7 “Ordinary course of Business”**, means a transaction which is:

- i. Carried out in the normal course of business;
- ii. Custom and practices undertaken by the Company to conduct its business operations and activities.; or
- iii. all such activities which the company can undertake as per its Memorandum & Articles of Association or
- iv. Meets any other parameters/criteria as decided by Board/Audit Committee.

**3.8 “Policy”** means Policy on dealing with and Materiality of Related Party Transactions.



Extraordinary Together

**3.9 “Related Party”** shall mean and include any person or entity (i) which is a related party under Section 2(76) of the Act; or (ii) which is a related party under the applicable accounting standards or (iii) which is related party as per Regulation 2(1)(zb) of Listing Regulations.

**3.10 “Related Party Transaction”** means any transaction by the Company with any Related Party which results in transfer of resources, services or obligations between the company and such related party, 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.

**3.11 “Relative”** means relative as defined under the Act

*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 Indian Accounting Standard as amended from time to time.*

## **4. Policy**

### **4.1 Identification of Related Parties and potential Related Party Transactions**

Each Director and Key Managerial Personnel of the Company is responsible for:

- disclosing (and periodically updating) to the Company Secretary, particulars of his/her relatives and his/her interest in any other entity, that may fall within the definition of a “Relative” or “Related Party” as prescribed in the Act and the Listing Regulations.
- providing notice to the Company Secretary of the Company from time to time of any potential Related Party Transaction involving him or her or his or her Relative or any entity, including any additional information about the transaction that the Audit Committee/Board may reasonably request.

The Chief Financial Officer or any person responsible for Accounts & Finance function of the Company shall be responsible for identifying related party (ies) as per applicable Accounting Standards and reporting details of such related party(ies) to the Company Secretary of the Company.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance from the respective functional teams so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction and consider approvals.

The Company Secretary shall compile a list of Related Parties in accordance with Listing Regulations based on identification as well as the disclosures provided by the



Extraordinary Together

Directors and Key Managerial Personnel, the details provided by the CFO or any other person responsible for Accounts & Finance function of the Company and any other information available with the Company.

#### **4.2 Related Party Transactions that shall not require Approval**

Following transactions shall not require separate approval under this Policy:

- a. Any transaction pertaining to appointment and remuneration of Directors and KMPs that has already been approved by the Nomination and Remuneration Committee of the Company or the Board;
- b. Payment of Dividend;

#### **4.3 Criteria for determination of Related Party Transactions on Arm's Length Basis:**

- i. The Audit Committee may consider following illustrative tests for ascertaining arm's length nature of transactions that may be entered into by the Company with related parties, or any modification, variation, extension or termination thereof:
  - a. The transactions are required in the ordinary course of business and are in the interest of the company.
  - b. The transactions are entered into with Related Parties, are at such prices/ discounts/ premiums and on such terms, which are offered to unrelated parties of similar category/ profile;
  - c. The transactions have been commercially negotiated;
  - d. The pricing is arrived at as per the applicable acts/rules and guidelines that may be issued by any Regulatory Authority.
  - e. The terms of transactions other than pricing are generally on a basis similar to those as may be applicable for similar category of goods and services or similar category/ profile of counterparties.
  - f. Such other criteria as may be issued under Applicable Law.
- ii. The Audit Committee shall be entitled to rely on professional opinion or representation from the counter party in this regard.



Extraordinary Together

#### **4.4 Review and Approval of Related Party Transactions by Audit Committee**

All Related Party Transactions, including those undertaken by the unlisted subsidiaries of the Company, shall require prior approval of Audit Committee, unless the approval is exempted pursuant to the provisions of applicable law and this policy. However, the Audit Committee at its discretion may grant prior omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to compliance of the conditions prescribed under Rule 6A of Companies (Meetings of the Board and its Powers) Rules, 2014 read with Regulation 23 of the Listing Regulations. In cases where prior approval is not obtained, the Audit Committee may ratify such transactions within 3 months from the date of the transaction, or may put forth the transactions before the Board along with its recommendations and the Board may either ratify such transactions or seek to avoid the same.

Further, such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one financial year.

All Related Party Transactions carried out by the Company and covered under the provisions of omnibus approval by the Audit Committee, shall be reviewed on quarterly basis.

In an unforeseen event where a related party transaction, for which omnibus approval has not been given by the audit committee, needs to be entered due to business exigencies between two audit committee meetings, the audit committee may approve such related party transaction by passing a resolution by circulation, after satisfying itself that such transaction is in the interest of the company.

In case of transactions with wholly owned subsidiaries, prior approval of Audit Committee will only be required for transactions covered under Section 188 of the Act.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

To facilitate review of each Related Party Transaction for granting approval (whether specific or omnibus), the Audit Committee will be provided with all relevant information of the Related Party Transaction, including the purpose, terms and details of the transaction, the benefits, rights and obligations of the Company and the Related Party, and any other relevant information.

In compliance with the Regulation 23 (3) (c) of the Listing Regulations and Rule 6A of the Companies (Meetings of Board and its Powers), Rules 2014, the omnibus approval of Audit Committee shall specify:

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



Extraordinary Together

- (ii) the indicative base price / current contracted price and the formula for variation in the price if any;
- (iii) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction; and
- (iv) such other conditions as the audit committee may deem fit

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 rupees one crore per transaction.

The Audit Committee will consider the following factors, among others, to the extent relevant to the appropriate Related Party Transaction:

- a. Whether the terms of the Related Party Transaction are fair and on arms-length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party?
- b. Whether there are any undue compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any?
- c. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of, or in connection, with the proposed transaction?
- d. Where the ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company; and
- e. Whether the Related Party Transaction would affect the independence or present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the benefits arising therefrom to the Company or Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deem relevant?

#### **4.5 Review and Approval of Related Party Transactions by Board of Directors**

If the Audit Committee determines that a Related Party Transaction should be brought before the Board, whether in view of internal pre-determined threshold or otherwise or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.



Extraordinary Together

Transactions covered under Section 188 of the Act that are proposed to be undertaken not in ordinary course of business or not on an arm's length basis, shall require prior approval of Board. Where prior approval is not obtained, the same shall be ratified within 3 months from the date on which such contract or arrangement was entered into.

The Directors interested shall abstain from participation in the discussion and shall not be present during discussion.

The approval of the Board of Directors will be subject to following thresholds, except in case of transactions with wholly owned subsidiaries:

- a. As specified under Para 3.6, in case of transactions covered under Section 188;
- b. As specified under Para 3.5, in case of all other related party transactions.

Any approval beyond the aforesaid thresholds will be subject to approval by shareholders in accordance with applicable law.

#### **4.6 Approval of Material Related Party Transactions by Shareholders**

The Material Related Party Transactions under the Act shall require prior approval of shareholders through ordinary resolution and all the members falling under the definition of related parties, irrespective of whether the member is a party to the particular transaction or not, shall not vote to approve the relevant transaction/resolutions.

The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 of the Act shall contain the following particulars:

- (a) name of the related party;
- (b) name of the director or key managerial personnel who is related, if any;
- (c) nature of relationship;
- (d) nature, material terms, monetary value and particulars of the contract or arrangement;
- (e) any other information relevant or important for the members to take a decision on the proposed resolution.

Where obtaining of prior approval is not possible, the transactions shall be subject to ratification within three months from the date on which such contract or arrangement was entered into.



Extraordinary Together

All Material Related Party Transactions under Listing Regulations shall require approval of the shareholders through ordinary resolution and all the members falling under the definition of related parties, irrespective of whether the member is a party to the particular transaction or not, shall not vote to approve the relevant transaction/resolutions.

#### **4.7 Related Party Transactions not approved under this Policy**

In the event the Company becomes aware of any Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be brought to the notice to the Audit Committee within 30 days from the date it is found by the Company. The Audit Committee shall consider all 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 said Related Party Transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee under this Policy and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without appropriate approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. 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.

In cases where a transaction is not ratified by the Board or, as the case may be, by the shareholders at a meeting within 3 (three) months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any Director, or is authorised by any other Director, the Directors concerned shall indemnify the company against any loss incurred by it.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

#### **4.8 Disclosure**

The Company shall disclose the Policy on its website i.e. [www.zee.com](http://www.zee.com) as required under provisions of the Listing Regulations. Other disclosures in relation to the Related Party Transactions undertaken by the Company shall be made in accordance with applicable law.





Extraordinary Together

#### **4.9 Policy Review**

This Policy will be reviewed by the Board of Directors at least once every three years and updated accordingly. Any subsequent amendment/modification in the Listing Regulation and/or applicable laws in this regard shall automatically apply to this Policy.

\*\*\*\*\*