

VEDANTA LIMITED

Related Party Transaction Policy

Document Name	Related Party Transaction Policy
Company	Vedanta Limited
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Preamble

The Board of Directors (“the Board”) of Vedanta Limited (the “Company or “VEDL), has adopted the following Policy and procedure in relation to Related Party Transactions. The Policy envisages the procedure governing Related Party Transactions required to be followed by the Company to ensure compliance with the Law and Regulation.

This Policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company.

Purpose

This policy is framed as per the requirements of Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s) / re-enactment(s) thereof] (“Listing Regulations”) and in terms of Section 188 of the Companies Act, 2013 (the Act) and is intended to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties. The Company is required to disclose each year in the Financial Statements and in the Annual Report transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

The Audit Committee and the Board will review the Policy atleast once every three years and may update the Policy accordingly.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Companies Act, 2013 and the Rules thereunder and the Listing Regulations, as amended from time to time.

Definitions

Related Party will have the same meaning as defined under Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations.

Relative in relation to a Related Party shall have the same meaning as defined under Section 2(77) of the Act.

Related Party Transaction shall have the meaning as defined under Regulation 2(1)(zc) of the SEBI Listing Regulations and as envisaged in Section 188(1) of the Act.

Arm’s length Transaction means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

Ordinary Course of Business

The term transaction in the ordinary course of business has not been defined under the Act or the Listing Regulations. But the International Standard on Auditing (ISA) 550 listed certain examples of transactions outside the entity normal course of business. Such examples have been listed out below:-

- Complex equity transactions, such as corporate restructurings or acquisitions.
- Transactions with offshore entities in jurisdictions with weak corporate laws.
- The leasing of premises or the rendering of management services by the entity to another party if no consideration is exchanged.

- Sales transactions with unusually large discounts or returns.
- Transactions with circular arrangements, for example, sales with a commitment to repurchase.
- Transactions under contracts whose terms are changed before expiry.

Material Related Party Transactions shall have the same meaning as defined under Regulation 23 of the Listing Regulations.

Materiality Threshold

Regulation 23 of the Listing Regulations requires a company to provide materiality thresholds for transactions beyond which the shareholders approval will be required by way of a special resolution.

Contracts / Arrangements with related party shall be considered as “material related party contracts/Arrangements if the transactions to be entered into individually or taken together with previous transactions during a financial year under such contracts/Arrangements exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements or such as may be prescribed under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time.

Transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or as may be amended by SEBI from time to time.

Identification of Related Parties

- Each Director and Key Management Personnel shall disclose in Form MBP-1, at the time of appointment, beginning of every financial year and whenever there is any change in the disclosure so made, about all the persons, entities in which he or she is interested, whether directly or indirectly.
- Each director and Key Management Personnel shall provide declaration, at the time of appointment, beginning of every financial year and whenever there is any change in the disclosure so made of:
 - its relatives
 - firms in which such Director/ Manager or his relative is a partner
 - private Companies in which a Director or Manager or his relative is a member or director
 - public companies in which a Director or manager is a Director and holds along with the relatives more than 2% of the paid-up share capital
- The Compliance Officer shall
 - Basis the declaration of directors and KMPs, identify and keep on record in the form of an updated database the information pertaining to Related Parties, along with their personal/company details;

- At the beginning of the financial year and on any subsequent changes, identify and maintain information in the database about the related parties within the Vedanta group i.e. subsidiaries, joint ventures, associates, etc.
- Update the database of Related Parties whenever necessary and review at least once a quarter

Identification of Related Party Transactions

- Each Director, Key Managerial Personnel & Senior Management will be responsible for providing notice to the Company or Audit Committee of any potential Related Party Transaction involving him or her or his or her relative;
- The compliance officer shall ensure that all Directors, Key Managerial Personnel and Senior Management make an annual declaration relating to all material, financial and commercial transactions where they have personal interest that may have a potential conflict with the interest of the Vedanta at large.
- The Compliance Officer would collate list of related party transactions as follows:
 - Continuing RPTs as per the disclosure made in Company's financial statements;
 - Transactions which are likely to be entered into with each related party and estimated value of such transactions before the beginning of each financial year to obtain necessary approvals in accordance with this Policy.

Procedure for approval and review of Related Party Transactions

Audit Committee

- All the RPTs shall require prior approval of the Audit Committee;
- The management shall present the list of RPTs before the Audit Committee at the beginning of the year, the following information with respect to all RPT expected to be entered into during the financial year for its approval
 - Name of party
 - Relationship with Related party
 - Approximate rupee value and projected value of transactions
 - Nature of transaction and material terms of transactions.
 - Supporting document
 - Pricing of transaction and whether the same is on arm's length or not
 - In the case of loan to be provided, the aggregate amount of loan and the rate of interest to be payable on such loans
 - In the case of guarantees, the aggregate amount of guarantees and the commission to be paid on such guarantee.
 - Any other material information regarding the transactions or related party interest in the transaction
- Audit Committee shall be entitled to call for such additional information/ documents in order to understand the scope of the proposed related party transaction(s) and recommend an effective control system for the verification of the supporting documents;
- After reviewing the proposed related party transactions, the audit committee shall approve or disapprove such RTP;

- Where the need for related party transaction cannot be foreseen and the details thereof are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction. Such transactions shall also be reported to the Audit Committee on a quarterly basis;
- Where, owing to exigencies, Related Party Transactions have been entered into without being placed for prior approval by the Audit Committee, reasoned explanation for the same must be provided to the satisfaction of the Audit Committee. The Audit Committee may ratify such transactions, 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;
- Quarterly information of all RPTs shall be placed by the Company for the review of Audit Committee. Also the management shall submit a report to the Audit Committee providing a comparison between the approvals granted and the actual transactions

Board

- Related Party Transactions which are not in the ordinary course of business or not at arm's length price shall require prior approval of the Board;
- Material Related Party Transactions shall require prior approval of the Board;
- No member of the Audit Committee/ Board shall participate in the review or approval of any Related Party Transaction in which such member is interested and that the director / Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee / Board;

Shareholders

- All Material Related Party Transactions shall require approval of the Shareholders of the Company by way of a resolution passed at the general meeting of the Company and no related party shall vote to approve such resolutions whether the entity is a party to the particular transaction or not.
- All Related Party Transactions which are not in the ordinary course of business or not at arm's length and which are in excess of the limits prescribed under the Act requiring the approval of shareholders, shall require an approval of the Shareholders by way of a resolution passed at the general meeting of the Company; and in such cases, the Related Party/(ies) to the transaction shall abstain from voting on such resolution.

If approval of the Board / shareholders, where applicable, for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Board / shareholders, if required, within 3 months of entering in the Related Party Transaction.

Factors / Guidelines for the Audit Committee and Board of Directors for approving the Related Party Transactions

In determining whether the approval can be provided to a Related Party Transaction, the following factors shall be considered:

- Whether the Related Party Transaction is in the ordinary course of business of the company;
- Whether the Related Party Transaction is on arm's length basis;
- Whether there are adequate reasons of business expediency for the Company to enter into the Related Party Transaction, after comparing alternatives available, if any;

- Whether in case of RPT concerning the director or KMP, it is ensured that the concerned director is recused from participating in the said agenda item;
- Whether the proposed Related Party Transaction includes any potential reputational /regulatory risks 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 key managerial personnel of the Corporation, taking into account the size of the transaction, the overall financial position of the Related Party, the direct or indirect nature of interest of the Related Party in the transaction and such other factors as the Audit Committee or Board of Directors deems relevant

Transactions which do not require approval

- Any transaction involving the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business by any director or KMP shall not require approval under this policy;
- Any transaction in which the Related Party's interest arises solely by way of ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party, or other pro rata interest of a Related Party included in a transaction involving generic interest of stakeholders involving one or more Related Parties as well as other parties;
- Any Material related party transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval is exempted from obtaining approval of the shareholders.

Disclosures

- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance;
- The particulars of contracts or arrangement with related parties referred in section 188(1) of the Companies Act 2013 to be disclosed in the Directors Report in Form AOC-2;
- The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website;
- The Company shall disclose the policy on dealing with Related Party Transactions on its website and provide a web link of the same in the Annual Report.

Limitation & Amendment

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.