



Crayons Advertising Limited

Formerly known as Crayons Advertising Pvt. Ltd.

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**“POLICY ON MATERIALITY OF RELATED PARTY
TRANSACTIONS AND DEALING WITH RELATED
PARTY TRANSACTIONS”**

*Under Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015.*

1. SCOPE AND APPLICABILITY

Crayons Advertising Limited (“the Company”) enters into transactions with Related Parties to carry on its day-to-day business activities. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

2. PURPOSE

Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, inter alia, provides that the Company shall formulate a Policy on materiality of related party transactions and dealing with related party transactions.

This Policy intends to comply with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as may be amended from time to time) and the Companies Act, 2013 read with Rules and Regulations made thereunder, to ensure that the transactions with related parties are undertaken in compliance with the legal requirements and necessary structure for reporting is in place. The Company has been entering into transactions with related parties, for its business purposes from time to time.

This Policy encompasses the mechanism to regulate transactions with related parties in a fair and transparent manner.

3. MEANING OF TERMS USED

“**Act**” means the Companies Act, 2013, including the Rules, Regulations schedules, clarifications and guidelines issued and amended by the Ministry of Corporate Affairs, from time to time.

“**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.

“**Audit Committee**” shall mean the Audit Committee of the Board of Directors constituted in accordance with the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“**Board**” refers to Board of Directors of Crayons Advertising Limited or any Committee of the Board authorized for the purpose of this Policy.

“Company” refers to Crayons Advertising Limited pursuant to this policy, having its Registered Office at NSIC Complex, Maa Anandmayee Marg, Okhla Phase-III, New Delhi-110020

“Material transaction” means a Transaction with a Related Party where any transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements, whichever is lower.

A Transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the said Transaction to be entered into individually or taken together with the previous transactions during a financial year, exceed (5) five percent of the annual consolidated turnover of the Company as per the last audited financial statements.

“Related Party” shall have the meaning ascribed to it in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Act, including all amendments and modifications thereof from time to time.

“Related Party Transaction or RPT” shall have the meaning ascribed to it in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Act, including all amendments and modifications thereof from time to time.

“Material Modification” shall mean and include.

1. Material Modification in the pricing criteria as agreed at the time of approval of the Related Party Transaction.
2. Material change in the nature of the Transaction.
3. Such other material modifications as may be approved by the Audit Committee from time to time.

“Ordinary Course of business” shall mean and include.

1. Transactions that are entered in the normal and usual course of business and are identical to the business of the company.
2. Transactions that are reasonable in the context of the business of the Company.
3. Transactions that are part of the standard industry practice.

“Rules” means Companies (Meetings of Board and its Powers) Rules, 2014 including any modifications or amendments thereof).

“**SEBI LODR**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) and/or re – enactment(s) thereof for the time being in force).

Words, terms and expressions used and not defined in this Policy or SEBI LODR but defined in the Act shall have the same meaning respectively assigned to them in the Act.

4. POLICY AND PROCEDURES FOR RELATED PARTY TRANSACTION:

4.1. Identification of Related Parties and Related Party Transactions:

(a) Before the commencement of each financial year, the Company shall draw up a list of Related Party(s) in accordance with the definition given in SEBI LODR and the Act. Any changes in the list during the financial year shall be made as and when the Company receives information in this regard.

(b) All Directors and Key Managerial Personnel are responsible for informing the Company of their interest (including their indirect interest) in other companies, firms, body corporate(s) or concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Directors and Key Managerial Personnel are responsible for providing notice to the Company of any potential Related Party Transaction involving him directly or indirectly.

(c) The Audit Committee will review and determine whether any Transaction with such Party(s) will constitute a Related Party Transaction requiring compliance with this RPT policy. Any member of the Audit Committee or Board who is directly or indirectly interested in any Related Party Transaction shall recuse himself and shall not be present in the meeting during discussions on related party transactions and shall not be entitled to vote on for such item under consideration by Audit Committee and Board, as the case may be.

4.2 Approvals required for Transaction(s) with Related Party(s):

(a) Related Party(s) transactions and any subsequent modifications in the ordinary course of business and on arms-length basis:

(i) All Related Party(s) transactions and any subsequent material modifications thereto in the ordinary course of business and at arm’s length shall be subject to the prior approval of the Audit Committee. Further, any subsequent modification to any terms of conditions of the transactions with related parties shall require approval of the Audit Committee. Only Independent Directors who are members of the Audit Committee shall approve Related Party Transactions.

(ii) Related Party Transaction to which the subsidiary of the Company is a party, but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary. The approval of the Audit Committee of the Company shall not be required for the transactions entered into between the Company and its wholly owned subsidiary or between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

(iii) Audit Committee may grant omnibus approval for Related Party Transactions, proposed to be entered into by the Company and such approval shall be subject to the following:

- i. The Audit Committee shall lay down the criteria for granting omnibus approval in line with this Policy, for Related Party Transactions which are repetitive in nature.
- ii. The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;
- iii. The omnibus approval shall specify:
 - (a) The name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into;
 - (b) The indicative base price / current contracted price and the formula for variation in the price if any; and
 - (c) 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 Rs. 10 crore per related party during a financial year.

Audit Committee shall review on a quarterly basis, the details of the Related Party Transactions entered into by the Company pursuant to the omnibus approvals given. The omnibus approvals by the Audit Committee shall be valid for a period of not exceeding Two year and shall require fresh approvals after the expiry of one year.

(b) Transactions with Related Party(s) not in the ordinary course of business and/ or on arms-length basis:

Transaction(s) with Related Party(s) not in the ordinary course of business and/or not at arm's length shall require prior approval of the Audit Committee as well as the Board and in accordance with the provisions of Section 188 of the Act, SEBI LODR and other applicable laws.

Transaction(s) crossing the threshold limits (reproduced below) set out in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as may be amended from time to time, shall require prior approval of the shareholders of the Company in accordance with the procedure set out in Section 188 of the Act.

Contracts or arrangements with respect to	Threshold Limit
Sale, purchase or supply of any goods or materials directly or through appointment of agents*	≥ 10% of Turnover ^
Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents*	≥10% of Net Worth ^
Leasing of property of any kind*	≥ 10% of Turnover ^
Availing or rendering of any services directly or through appointment of agents*	≥ 10% of Turnover ^
Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company	monthly remuneration > Rs. 2.5 Lakh
Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company*	> 1% of Net Worth ^

*The limits shall apply for these transaction(s) to be entered into either individually or taken together with the previous transactions during the financial year.

^The turnover or Net Worth referred in above shall be computed on the basis of Audited Financial Statements of the preceding financial year.

(c) Material Transactions with Related Party(s):

Material Transaction(s) with Related Party(s) and any subsequent material modification shall require prior approval of the Audit Committee, Board, and the shareholders of the Company.

In compliance with SEBI LODR, approval of the shareholders through resolution shall be taken for all such Material Transactions with Related Party(s) and such Related Party(s), irrespective of whether the entity is a party to a particular transaction or not, shall not vote to approve such resolutions.

4.3 Review of Related Party Transactions:

The Management shall lay down an appropriate framework including the pricing mechanism to ensure arm's length pricing for dealing with the Related Party(s). The Management shall institute appropriate administrative mechanism to ensure that all Related Party Transactions are in compliance and reviewed in accordance with these policies and procedures including maintenance of proper records in this regard.

All the transactions with Related Parties shall be referred to the Audit Committee for review at its scheduled quarterly meetings or as may be called upon by the Audit Committee from time to time along with all relevant information of such Transaction(s).

The Audit Committee may refer any of the Related Party Transactions brought before it or it being mandatory under any law, for approval of the Board. The Board may on its own accord also decide to review any Related Party Transaction.

The Audit Committee may seek advice of external consultants and experts on determining whether a particular transaction which is being considered by the Audit Committee would be regarded on an arms' length basis or otherwise.

5. RELATED PARTY TRANSACTION NOT APPROVED UNDER THIS POLICY

In the event any transaction has been undertaken/is being undertaken with a Related Party without obtaining requisite approval under this Policy, such transactions should be immediately reported to the Company Secretary. Such transactions shall be reviewed by the Audit Committee in the next meeting. The Audit Committee shall be provided with all the relevant facts and circumstances for entering into such transaction with a related party. Based on the information provided, the Audit Committee shall evaluate and take such necessary steps, as it may deem fit, including Ratification, Termination or Revision of any terms of the Related Party Transaction. The Audit Committee shall keep the Board apprised of any instances of such transactions entered into with any related party in contravention of this Policy and recommend to Board for its consideration and approval.

6. AMENDMENTS TO THE POLICY

The Company is committed to continuously reviewing and updating our policies and procedures. Therefore, this policy is subject to modification.

This policy will be reviewed by the Board of Directors of the Company once in every three years and any amendment of any provision of this policy shall be promptly disclosed on the Company's website and in applicable regulatory filings pursuant to applicable laws and regulations, together with details about the nature of the amendment

The summary of the approval mechanism under SEBI (LODR) Regulation and Companies Act 2013 is provided as under:

Details of Transaction	Approving Authority
All related party transactions and any subsequent material modifications to the contracts / arrangements	Audit Committee (including Omnibus Approval for a maximum period of one year) and Board.
RPTs which are not in Ordinary Course of Business or not on arm's length basis or both (less than threshold limits)	Recommendation by Audit Committee, Approval by Board of Directors.
RPTs which are not in Ordinary Course of Business or not on arm's length basis or both (beyond threshold limits)	Recommendation by Audit Committee to Board, Recommendation by Board to Shareholders, Approval by Shareholders
Material RPTs	Recommendation by Audit Committee to Board, Recommendation by Board to Shareholders, Approval by Shareholders