

## **Johnson Controls-Hitachi Air Conditioning India Limited**

### **POLICY ON RELATED PARTY TRANSACTIONS**

In compliance of Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, following policy on Related Party Transactions has been adopted by the Company.

#### **Identification of Related Party:**

Related party is a person or entity defined under Section 2(76) of the Companies Act, 2013 and is a related party defined under applicable accounting standard.

#### **Prior approval of Related Party Transactions:**

Company will obtain prior approval of the Audit Committee before entering into related party transactions. For smooth operations, Audit Committee may grant omnibus approval for Related Party Transactions in accordance the provisions of Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

In case any contract or arrangement with a related party is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act 2013 and the Rules framed thereunder and obtain approval of the Board and shareholders, as applicable, for such contract or arrangement.

- At the time of discussion of such matter at the Board Meeting, the member of the Board who is interested in such transaction shall abstain from discussion and voting of such resolution.
- At the time of discussion of such matter at the Shareholders' Meeting, a Shareholder who is interested in such transaction shall abstain from discussion and voting of such resolution.

In addition to that, all material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

A transaction with a related party is considered material if the transaction/ transactions to be entered into, either individually or taken together with previous transactions with such related party during a financial year, exceeds ten percent of the annual consolidated turnover as per the last audited financial statements of the Company.

**Review of Related Party Transactions:**

Audit Committee shall review the details of related party transactions on quarterly basis. Audit Committee will be provided all necessary information relating to such transactions to review such transactions.

**Disclosure of Related Party Transactions:**

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

**Amendment in the statutory provisions:**

Any amendment in Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and applicable provisions of Companies Act, 2013 and the Rules framed there under, will automatically apply to this policy.