

(CIN: L60200GJ1986PLC083845)

RELATED PARTY TRANSACTIONS POLICY & PROCEDURES

Preamble

The Company is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that related party transactions can present a risk of actual or apparent conflicts of interest of the Directors, Senior Management etc. with the interest of the Company.

The Board of Directors of the company has adopted the following Policy and procedure with regard to Related Party Transactions. The policy envisages the procedure governing Related Party Transactions required to be followed by company to ensure compliance with the Law and Regulation. The Audit committee will review the same from time to time and propose the amendment required in the policy to the board of directors.

Objective

This policy is intended to ensure the proper approval and reporting of transactions as applicable, between the Company and any of its related party in the best interest of the Company and its Stakeholders.

Provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws. This Policy shall supplement the Company's other policies in force that may be applicable to or involve transactions with related persons. Further, the Board may amend this policy from time to time as may be required.

The Audit Committee or Directors ("Audit Committee"), shall review, approve and ratify Related Party Transactions based on this Policy in terms of the requirements under the above provisions.

The Board of Directors reserves the power to review and amend this policy from time to time. Any exceptions to the Policy on Related Party Transactions must be consistent with the Companies Act 2013, including the Rules promulgated thereunder and Clause 49 of the Listing Agreement and must be approved in the manner as may be decided by the Board of Directors.

Transactions Covered by this Policy

Transactions covered by this policy include any contract or arrangement with a related party with respect to transactions defined hereunder as "Related Party Transaction".

Provided that any transactions entered into by the Company with a Related Party in its ordinary course of business and on an arm's length basis shall not require any approval of the Audit Committee/ Board of Directors of the Company except in the case of Specific Transactions, which shall be subject to prior approval of the Audit Committee.

Provided further that, any transaction entered into by the Company with Related Party in its ordinary course of business and on an arm's length basis, except Specific Transactions for which proper procedure shall be followed as provided under this Policy, shall be periodically disclosed to the Board.

Definitions

“Audit Committee or Committee” means Committee of Board of Directors of the Company constituted for audit related purpose.

“Board” means Board of Directors of the Company

“Related Party Transaction” A related party transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

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

“Related Party” means related party as defined in Clause 49 of the Listing Agreement which is as follows:

A ‘related party’ is a person or entity that is related to the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

- 1) A person or a close member of that person’s family is related to a company if that person:
 - i. is a related party under Section 2(76) of the Companies Act, 2013 which are as follows:
 - a) a director or his relative ;
 - b) a key managerial personnel or his relative ;
 - c) a firm, in which a director, manager or his relative is a partner ;
 - d) a private company in which a director or manager is a member or director ;
 - e) a public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital ;
 - f) any body corporate whose Board of directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager ;
 - g) any person under whose advice, directions or instructions a director or manager is accustomed to act :

Provided that nothing in sub-clauses (f) and (g) shall apply to the advice, directions or instructions given in a professional capacities;

 - h) any company which is –
 - a. a holding, subsidiary or an associate company of such company ; or
 - b. a subsidiary of a holding company to which it is also a subsidiary ;
 - i) Director or key managerial personnel of the holding company or his relative with reference to a company; or
 - ii. has control or joint control or significant influence over the company; or
 - iii. is a key management personnel of the company or of a parent of the company;
 - or
- 2) An entity is related to a company if any of the following conditions applies:
 - a. The entity is a related party under Section 2(76) of the Companies Act, 2013; or

- b. The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
- c. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
- d. Both entities are joint ventures of the same third party; or
- e. One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
- f. The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company; or
- g. The entity is controlled or jointly controlled by a person identified in-1
- h. A person identified in (1)(b) has significant influence over the entity (or of a parent of the entity); or

“**Relative**” means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if –

- i. They are members of a Hindu undivided family;
- ii. They are husband and wife; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son’s wife
- vii. Daughter
- viii. Daughter’s husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

“**Key Managerial Personnel**” mean key managerial personnel as defined under the Companies Act, 2013 and includes

- (i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole time director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer

“**Control**” as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 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 which includes (a) ownership, directly or indirectly, of more than one half of the voting power of an enterprise, and (b) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.

Provided that a director or officer of a company shall not be considered to be in control over such target company, merely by virtue of holding such position”

“**Associate Company**” in relation to another company, means a company in which that other company has a **significant influence, but which is not a subsidiary company of the company** having such influence and includes a joint venture company.

Significant Influence: - means control of **at least twenty per** cent of total share capital, or of business decisions under an agreement.

Joint venture: - means a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

Details required for ascertaining Related Party

The following details shall be required:

1. Declaration/Disclosure of interest by all the Directors and KMPs' in form MBP-1.
2. Declaration of relatives by all Directors and KMPs'.
3. Declaration about a firm in which a Director/ Manager or his relative is a partner.
4. Declaration about a private Company in which a Director or Manager is a member or director.
5. Declaration regarding a public company in which a Director or manager is a Director and holds along with the relatives more than 2% of the paid-up share capital.
6. Notices from Directors of any change in particulars of Directorship or in other positions during the year.
7. Declaration by Holding Company regarding its Directors/KMPs' and their relatives.
8. Details of anybody corporate, whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager of the Company.
9. Details of any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in point no.8& 9 shall apply to the advice, directions or instructions given in a professional capacity.

10. Details of any Company which is
 - (a) a holding, subsidiary or an associate company of such company; or
 - (b) a subsidiary of a holding company to which it is also a subsidiary.

Review and approval of Related Party Transaction

i. Audit Committee

The Company Secretary shall place the details of all related party Transactions in the subsequent meeting of the Audit Committee. The Audit committee shall consider the following factors while deliberating the related party transactions for its approval: -

- Name of party and details explaining nature of relationship
- Nature of transaction and material terms thereof including the value, if any;
- the manner of determining the pricing to ascertain whether the same is on arm's length
- Business rationale for entering into such transaction

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

If the committee determines that the a related party transaction is (i) a Material related party transaction or (ii) Transactions are not in the ordinary course of business or not at the arm's length price, the audit committee shall place the matter before the board for obtaining its approval.

ii. Board of Directors

Where approval of Board of Directors is required for any related party transaction or if the Board in any case elects to reviews 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.

Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

iii. Shareholder approval

In case Board refers a related party transaction for seeking approval of the shareholders as per the provisions of Companies Act 2013 or otherwise, if any member of company is a related party as per this policy, such member of the company shall not vote on resolution passed for approving such related party transaction.

iv. Transactions which do not require approval

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:

- (a) Any transaction involving the providing of compensation to a director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- (b) 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.

v. Related Party Transactions not approved under this Policy *

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Committee. The Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction.

In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

Exemptions

Nothing contained in in this policy shall apply to any contract or arrangement—

- 1. in the ordinary course of its business; or
- 2. at arms' length price.
- 3. service availed in a professional capacity from body corporate/person.

The following transaction(s) undertaken by the Independent Director with the Company or its holding, subsidiary, or associate company or their promoters or directors during the year and during two immediately preceding financial years shall not fall in the ambit of pecuniary relationship with the Company:

- I. transaction(s) done in ordinary course of business at arm's length;
- II. receipt of remuneration by way of sitting fees;
- III. re-imburement of expenses for attending board and other meetings;
- IV. any profit related commission as approved by members.

Registers & Disclosures

The Company shall keep and maintain a register, maintained physically or electronically, as may be decided by the Board of Directors, giving separately the particulars of all contracts or arrangements to which this policy applies and such register is placed/taken note of before the meeting of the Board of directors.

Every director or key managerial personnel shall, within a period of thirty days of his appointment, or relinquishment of his office in other Companies, as the case may be, disclose to the Company the particulars relating to his/her concern or interest in the other associations which are required to be included in the register maintained.

The Company shall maintain such register in the Head Office of the Company and provide extracts from such register to a member of the Company on his request, within seven days from the date on which such request is made upon the payment of such fee as may be specified in the articles of the Company but not exceeding ten rupees per page.

The register to be kept under this section shall also be produced at the commencement of every Annual General Meeting of the Company and shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.

The register shall be preserved permanently and shall be kept in the custody of the Company Secretary /Chief Financial Officer of the Company or any other person authorized by the Board for the purpose.

Disclosures

- Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.
- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- The company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.
- This Policy will be communicated to all operational employees and other concerned persons of the Company.
- Disclaimer: This policy has been framed in accordance with requirement of Clause 49 (VII) (C) of the Listing Agreement. This may not cover transactions which are required to be dealt as per Accounting Standard -18.