

Policy on Related Party Transactions

I. Objective :

To formulate a Policy on materiality of related party transactions and on dealing with related party transactions as mandated by clause 49 of the listing Agreement (as amended) on Corporate Governance notified by Securities and Exchange Board of India (SEBI) vide its circular dated April 17, 2014.

II. Definition :

- a) Arms length transactions** : means a transactions between two related parties that is conducted as if they were unrelated so that there is no conflict of interest.
- b) Material Transactions** : means if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds 5% of the annual turnover or 20% of the net-worth of the company as per the last audited financial statements of the company whichever is higher.
- c) Related Party** : shall included list of person defined under section 2(76) of the Companies Act 2013 and includes the following:
 - (i)** a director or his relative;
 - (ii)** a key managerial personnel or his relative;
 - (iii)** a firm, in which a director, manager or his relative is a partner;
 - (iv)** a private company in which a director or manager is a member or director;
 - (v)** 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;
 - (vi)** 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;

(vii) any person on whose advice, directions or instructions a director or manager is accustomed to act: Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

(viii) 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;

(ix) such other person as may be prescribed;

d) Related Party Transactions : means

(a) sale, purchase or supply of any goods or materials;

(b) selling or otherwise disposing of, or buying, property of any kind;

(c) leasing of property of any kind;

(d) availing or rendering of any services;

(e) appointment of any agent for purchase or sale of goods, materials, services or property;

(f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and

(g) underwriting the subscription of any securities or derivatives thereof, of the company;

III. Procedure for dealing with Related Party transactions:

a) All Related Party shall be placed before the Audit Committee and shall require prior approval of the Audit Committee and shall be ratified by the Audit Committee if no prior approval was obtained and thereafter same shall be placed before the Board of the Directors of the Company.

b) The following Related party transaction shall require prior approval of the shareholders by a Special Resolution.

i) All material Related Party Transactions.

ii) Transactions entered in the ordinary course of business but not on arm's length basis.

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Further No member of the shall vote on such special resolution to approve any contract or arrangement which may be entered into by the Company, if such member is related party.

c) To determine whether transaction shall be on arm's length basis the following procedure shall be adopted by the Company

i) The Company shall follow the following five methods as provided under the Income Tax Act being the most appropriate method taking into consideration the nature or class of the transaction.

- Comparable Uncontrolled Price Method
- Resale Price Method
- Cost Plus Method
- Profit Split Method
- Transactional Net Margin
- Any other appropriate method as prescribed by the CBDT.
The CBDT has not prescribed by any other method.

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