

A dark blue vertical bar is positioned on the left side of the page. A blue arrow points to the right from the center of this bar.

# Related Party Transaction Policy

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**DHABRIYA POLYWOOD LIMITED**

## **1. SCOPE & PURPOSE OF THE POLICY**

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed there under and Clause 23 of the SEBI Regulation ( Listing obligation and Disclosure Requirement), 2015 has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, Clause 23(1) of the SEBI Regulation (Listing obligation and Disclosure Requirement), 2015 requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions.

## **2. OBJECTIVE**

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Companies Act, 2013 and Clause 23(1) of the SEBI Regulation (Listing obligation and Disclosure Requirement), 2015 and any other laws and regulations as may be applicable to the Company.

## **3. DEFINITIONS**

- **“Act”** means the Companies Act, 2013 and rules made thereunder.
- **“Board”** means Board of Directors of the Company.
- **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- **“Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under provisions of Listing Agreement and the Act.
- **“Arm’s length Basis”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- **“Key Managerial Personnel”** means Key Managerial Personnel as defined under Section 2(51) of the Act.
- **“Related Party(ies)”** means related party as defined in Regulation 2(zb) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015,

➤ **“Related Party Transaction” (RPT) means –**

for the purpose of the Companies Act 2013, specified transaction mentioned in clause (a) to (g) of sub-section 1 of Section 188;  
for the purpose of Clause 2(zc) of SEBI Regulation (Listing obligation and Disclosure Requirement), 2015 any transaction involving any Related Party which is a transfer of resources, services or obligations between a Listed entity and a related party, regardless of whether a price is charged.

A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

**4. MATERIALITY THRESHOLDS**

As Per Clause 23(1) of the SEBI Regulation (Listing obligation and Disclosure Requirement), 2015, a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

**5. POLICY**

**a) Identification**

Company has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Companies Act, 2015 and of Clause 2(zc) of SEBI Regulation (Listing obligation and Disclosure Requirement), 2015. Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company seeks external professional opinion, if necessary.

**6. APPROVAL OF RELATED PARTY TRANSACTIONS**

➤ **Approval of Audit Committee**

All Related Party Transactions of the Company as prescribed under the Act shall require prior approval of Audit Committee, The omnibus approval shall Specify –

- i.) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
- ii.) the indicative base price/current contracted price and the formula for variation in the price if any (for ex: +/- 5%) and
- iii.) such other conditions as the Audit Committee may deem fit.

However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed ₹ 1 crore per transaction;

The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the company pursuant to each of the omnibus approval given;

Such omnibus approval shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.

➤ **Approval of Board of Directors**

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business and at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

1. Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
2. Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
3. Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
4. Transactions meeting the materiality thresholds, which are intended to be placed before the shareholders for approval.

➤ **Approval of Shareholders**

All the transactions with related parties meeting the materiality thresholds, are placed before the shareholders for approval.

For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

Clause 23(5) provides that the requirement for seeking shareholders' approval, Board approval and Audit Committee's approval shall not be applicable to transactions between Dhabriya Polywood Ltd and its wholly owned subsidiary/ies whose accounts are consolidated with the Company.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business and at arm's length basis; and (b) Exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

## **7. RATIFICATION:**

Any Related Party Transaction entered into without obtaining the prior approval of the Audit / Board / Shareholders(respective authority/ies) may be ratified, subject to the applicable provisions of the Companies Act, 2013 and the Listing Agreement, if post review of the said transaction / contract, the appropriate authority is satisfied, that the said Related Party Transaction is not detrimental to the interest of the Company, however, the appropriate authority may also ratify such transaction or contracts, with or without the modification.

Where any contract or arrangement is entered into, without obtaining the consent of the Audit Committee, Board or approval by a Special Resolution in the General Meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contractor arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board.

If the appropriate authority decides, not to approve a particular transaction, it may require the Related Party to reimburse the benefits which might have accrued to it and/ or indemnify the Company with regard to the subject Related Party Transaction which is not approved by the appropriate authority.

## **8. DISCLOSURE(S)**

Appropriate disclosures as required under the Act and the Listing Agreement shall be made in the Annual Return, Board's Report and to the Stock Exchanges, which are not in ordinary course of business or on an arm's length basis along with the justification for entering into such Transaction. The Company shall disclose the Policy on its website and the web-link shall be provided in the Annual Report.

## **9. AMENDMENT**

The Company reserves the right to amend or modify this Policy in whole or in part, at any point of time. Any or all provisions of this policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.