

# **DIHL INDIA HOLDINGS LIMITED**

## **Related Party Transaction Policy**

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**Effective: 13<sup>th</sup> November 2017**

# DIHL INDIA HOLDINGS LIMITED

## Related Party Transaction Policy

### RELATED PARTY TRANSACTION POLICY

#### 1. Preamble

The Board of Directors (the “Board”) of DIHL India Holdings Limited (the “Company” or “DIHL”) has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will constantly review, and if found essential, may amend this policy from time to time. The amendments would be placed in the Board.

#### 2. Purpose

This policy is prepared as per requirement of Clause 23 of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, entered by the Company with the Stock Exchanges and intends to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are held to be appropriate only if they are in the best interest of the Company and its shareholders.

The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

#### 3. Definitions

**“Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under provisions of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and Companies Act, 2013.

**“Arm’s Length’ basis transaction** means a transaction between two related parties that is conducted as if they were unrelated.

**“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

**“Key Managerial Personnel”** means 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

**“Material Related Party Transaction”** “Material Related Party Transactions” shall mean a transaction as defined as material in Clause 23 of the SEBI (Listing Obligations and Disclosure

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Requirements) Regulations, 2015 and in Sec 188 of the Companies Act 2013 or any other law or regulation including any amendment or modification thereof, as may be applicable. Materiality limit is defined in clause 5.4 below.

**“Policy”** means Related Party Transaction Policy.

**“Related Party”** means related party as defined in Clause 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 2(76) of the Companies Act, 2013, as amended from time to time.

**“Related Party Transaction”** means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

**“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. One person is related to the other in such manner as may be prescribed

### **4. Details required for ascertaining Related party**

The following details shall be required:

- a) Declaration/Disclosure of interest by all the Directors and KMPs' in form MBP-1.
- b) Declaration of relatives by all Directors and KMPs'.
- c) Declaration about a firm in which a Director/ Manager or his relative is a partner.
- d) Declaration about a private Company in which a Director or Manager is a member or director.
- e) 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.
- f) Notices from Directors of any change in particulars of Directorship or in other positions during the year.
- g) Declaration by Holding Company regarding its Directors/KMPs' and their relatives.
- h) 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.
- i) Details of any person on whose advice, directions or instructions a director or manager is accustomed to act:

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- ☐ Provided that nothing in point no.h & i shall apply to the advice, directions or instructions given in a professional capacity.
- j) 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

### 5. Policy

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

#### 5.1 Identification of Potential Related Party Transactions

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

#### 5.2 Prohibitions related to Related Party Transactions

All Related Party Transactions shall require prior approval of Audit Committee.

Further, all Material Related Party Transactions shall be approved by the Board and require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolutions for the threshold limits mentioned under materiality clause, if the transaction :

- I. is in the ordinary course of business but not on an arm's length basis; or
- II. is not in the ordinary course of business
- III. Material transactions as defined under Clause 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The nature of the transactions covered under Companies Act are as given below:

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- ☐ Sale, purchase or supply of any goods or materials directly or through appointment of agents
- ☐ Buying, selling or disposing of property of any kind directly or through appointment of agents
- ☐ Leasing of any kind of property
- ☐ Availing or rendering of any services directly or through appointment of agents\
- ☐ Appointment to any office or place of profit in the company, its subsidiary company or associate company
- ☐ Remuneration for underwriting the subscription of any securities in or derivatives thereof
- ☐ Related party transactions by a company as mentioned below, will require prior approval of members by special resolution if such transaction:

### 5.3 Review and Approval of Related Party Transactions

The Company will enter into any Related Party transactions only with the prior approval of the audit committee.

However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- a.** The Audit Committee shall provide omnibus approval in respect of transactions which are repetitive in nature.
- b.** The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- c.** Such 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 and (iii) such other conditions material for disclosure.

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.1 crore per transaction.

- d.** Management shall provide on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given to Audit committee for review.

- e.** Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the

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transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- ☐ Whether the terms of the Related Party Transaction are fair and on arms' length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- ☐ Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- ☐ Whether the Related Party Transaction would affect the independence of an independent director;
- ☐ Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- ☐ Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- ☐ Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.
- ☐ Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:
  - i. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
  - ii. 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.

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### 5.4 Materiality

Related party transactions shall be considered material if 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 or as per threshold that may be defined under the Companies Act, 2013 and the Companies (Meeting of Board and its powers) Rules, 2014. The current threshold limits as per Section 188 the Companies Act, 2013 and Rules notified for specific transaction are as given below:

<b>Nature of Transaction</b>	<b>Transaction Value</b>
Sale, purchase or supply of any goods or materials directly or through appointment of agents	10% of annual turnover or Rs 50 Crore whichever is lower
Buying, selling or disposing of property of any kind directly or through appointment of agents	10% of net worth or Rs 50 Crore Whichever is lower
Leasing of any kind of property	10% of net worth or 10% of turnover or Rs 50 Crore whichever is lower
Availing or rendering of any services directly or through appointment of agents	10% of net worth or Rs 50 Crore whichever is lower
Appointment to any office or place of profit in the company, its subsidiary company or associate company	Monthly remuneration exceeding Rs. 250,000
Remuneration for underwriting the subscription of any securities in or derivatives thereof	1% of net worth

### 6. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the

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Committee has authority to modify or waive any procedural requirements of this Policy.

### **7. Disclosure**

Particulars of Contracts and arrangements with Related Party covered under this policy requiring shareholders' approval shall be appropriately referred to in the Board's Report to the shareholders along with the justification for entering into such contract or arrangement.

The Company shall disclose this policy relating to 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.

### **Approved by Board**

Effective Date: 13<sup>th</sup> November 2017

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