



POLICY ON RELATED PARTY TRANSACTIONS

Objective: The purpose of setting up a Related Party policy is to outline the comprehensive frame work as required under the prevailing statute from time to time, comprising of a procedure for identification of a Related Party, the roles and responsibilities for compliances, the approvals required for Related Party transactions, the disclosure requirements, the documents and templates to be used, communication channels and frequency, monitoring and periodic assurance to ensure that a transaction of material value with a Related Party is conducted at Arm's Length.

Policy Statement

Procedure for identification of a Related party

The identification of related parties shall be done through periodic disclosures made in the prescribed form and the Registers maintained, and review of structures of the company along with the Chief Financial Officer of the Company, based on the applicable statutory definition of 'Related Party' prevalent at the time of identification, based on the principle that the identification criterion shall be applied only from the perspective of the entity being identified as Related Party. The definition of Related Parties as per the Companies Act, 2013 and the extract of revised clause 49 of the Listing Agreement pertaining to the Related Party Transactions is enclosed as **Annexure 1**. Disclosures shall be obtained on a quarterly basis as per the template attached as **Annexure 2**.

It shall be the responsibility of the Related Parties to inform the Compliance Officer about any change immediately after such change.

Database of related Parties

Based on the declarations given, review of structure and subsequent changes as may be notified, the compliance officer shall maintain a consolidated listing of related parties applicable for the company. The database should capture all the information as per the template attached as Annexure 2. The said database will be monitored/ updated by the Compliance Officer preferably on a quarterly basis. The database will be shared on time to time with the Finance and Accounts Department of the Company.

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Roles and responsibilities

The initial Policy shall be approved by Audit Committee of the Board of Directors. It shall be the duty of the Compliance Officer to ensure that the Related Party policy is complied with, in letter and spirit and do all such acts that may be necessary to implement this policy.

Approvals for Related party transactions

Transactions with Related party shall be entered into, only after securing the prior approval of the Audit Committee. Existing contracts, if any, shall be reviewed by the Audit Committee and be accepted, ratified or modified as per their directions. At the operational level, all transactions shall be approved by the appropriate level of authority as per the Schedule of Powers.

Disclosure requirements

While the initial disclosures shall be completed after the identification, the subsequent disclosures shall be secured on a quarterly basis subject to event based changes which shall be made immediately. All disclosures shall be made as per the applicable statutory requirement. A checklist will be developed to ensure compliance with the disclosure requirements in the Board's Report, Compliance Report on Corporate Governance and Financial Statements.

Documents and templates

The disclosures shall be made in the templates created in line with the statutory requirements for disclosure. The documents relating to the Related party transactions along with the approvals and supporting information shall be maintained and linked to the relevant transactions.

Communication

The policy once approved by the Board and subsequent changes, if any, to the said Policy shall be communicated by the Compliance Officer to the Departmental Heads who shall also seek a written compliance thereof. The transactions with the related parties shall be routed through the Compliance Officer, who shall be responsible for obtaining requisite approvals.

Materiality of Related Party Transactions

No transaction with related party irrespective of its value, shall be entered except after taking necessary approvals.

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Documents / Information to be provided for approval of transaction with related parties.

While assessing a proposal put up before the Audit Committee / Board for Approval, the Audit Committee / Board shall be provided with the following documents / information by the management for approval of transaction with the related parties:

1. Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum.
2. Management assessment of pricing terms and business justification for the proposed transaction
3. Comparative analysis, if any, of other such transaction entered by the company.

Monitoring of the related party status and periodic validation

The monitoring shall be done on a quarterly basis and shall be validated by the management and also shall require an independent validation by an Internal Auditor with a specific term of reference in this regard which shall include amongst others a clear statement that the process is commensurate with the size and nature of operations.


Assurance

The Compliance Officer shall be responsible for defining a framework of assurance and provide such assurances to the Audit Committee and Board on quarterly basis.

Enclosures:

Annexure 1- Definition of Related Party as per the Companies Act, 2013 and Revised Clause 49

Annexure 2- Template


Nalin Shah
Chairman, Audit Committee

Annexure 1

Definition of Related Party as per the Companies Act, 2013

2 (76) "related party", with reference to a company, means—

- 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;

As per Rule 3 of the Companies (Specifications and definitions details) Rules, 2014, a director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.

*Ministry of Corporate Affairs has vide the Companies (Removal of Difficulties) Fifth Order, 2014 has substituted the words "and holds" for the words "or holds".

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Extract of revised clause 49 of the Listing Agreement pertaining to the Related Party Transactions

VII. Related Party Transactions

- A. 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.
- B. 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:
 - a. is a related party under Section 2(76) of the Companies Act, 2013; or
 - b. has control or joint control or significant influence over the company; or
 - c. 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

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Explanation: For the purpose of Clause 49(V) and Clause VII(B), the term "control" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

- C. The company shall formulate a policy on materiality of related party transactions and also on dealing with Related Party Transactions.

Provided that a transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual turnover or twenty percent of the net worth of the company as per the last audited financial statements of the company, whichever is higher.

- D. All Related Party Transactions shall require prior approval of the Audit Committee.
- E. All material Related Party Transactions shall require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions.

VIII. Disclosures

A. Related Party Transactions

1. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
2. The company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

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Format for quarterly Disclosure of Related Party- Director/ KMP

Sl. No.	Particular	Details			
1	Details of Director/KMP				
	Name of the Director/KMP				
	Residential Address				
	Date of Appointment				
	Director DIN				
	Number of current directorships held				
2	Details of Relatives				
	3 Details of Firm/ Body corporate where director or their relatives are interested				
	Name of the Firm /Body Corporate	Registration number of the Firm/Company	Type of Company (Private/Public/Listed)	Director or their relative is member or director of Body Corporate	Date on which Director or their relative became member or director of the body corporate/partner in a firm
	i.				Attach a copy of Board resolution/ Partnership deed
	ii.				
	iii.				
	iv.				
	v.				
	Name of relatives who is partner in a firm / member or director of a Body Corporate.	Percentage of Director's Partnership/Shareholding of a body corporate	Percentage of Relative's Partnership/Shareholding	Number, description and nominal value of shares	Total Paid up Capital of Body Corporate
	i.				Attach a copy of Demat Account
	ii.				
	iii.				
	iv.				
	v.				

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Format for quarterly Disclosure of Related Party- Director/ KMP

	Mode of acquisition of shares /controlling interest	Whether securities have been pledged or any encumbrance has been created on the securities	Whether Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager	Whether Director or relative of Director owning a controlling/significant influence interest	Date of acquisition of controlling/significant influence interest
I.					
II.					
III.					
IV.					
V.					
4	Details of any person on whose advice, directions or instructions directors or manager are accustomed to act*				
	Name of the Person	Identification number (PAN/Passport number, Registration number in case of Company)	Address of the Person	Nature of relationship with such person	nature of advise/ direction/ instruction
I.					
II.					
III.					
IV.					
V.					

*Will not apply to the advice, directions or instructions given in professional capacity

I, (Name+Designation), to the best of my knowledge and belief, certify that:
1) I have provided all relevant details as required under the applicable laws;
2) Based on my knowledge and information, these details do not contain any untrue statement or omit any material fact necessary to make the disclosures.

Name: _____

Designation: _____

Signature: _____ Date: _____

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5.25.2014

Details of Relatives (to be obtained from Directors/ KMPs)

Particular	Names	Address for Correspondence	Identification number (PAN/Passport number, etc.)	Name of the firm/body corporate in which relative is partner/member/director	Registration number of the Firm/Company	Type of Company (Private/Public/ Listed)	Relative is member or director of Body Corporate	Date on which the relative became member or director of Body Corporate or partner in a firm	Percentage of Relative's Partnership/ Shareholding	Number Description and nominal value of shares	Total Paid up Capital of Body Corporate	Whether relative owning a controlling/ significant influence interest	Date of acquisition of controlling/ significant influence interest
Members of HUF													
Son (including step-son)													
Son's wife													
Daughter													
Daughter's Husband													
Brother (including step-brother)													
Sister (including step-sister)													
Husband/Wife													
Father (including step-father)													
Mother (including step-mother)													

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