

# *Sudal Industries Limited*

## **Related Party Transactions Policy**

### **INTRODUCTION**

**1. This policy regarding the review and approval of Related Party Transactions has been adopted by the Company's Board of Directors in order to set forth the procedures under which certain transactions must be reviewed and approved or ratified.**

**2. The purpose of the policy is to lay down guidelines to manage & disclose in accordance with the legal and accounting requirements to which the Company is subject.**

### **DEFINITIONS**

**"Act"** shall mean the Companies Act 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

**"Arm's Length basis"** means a transactions between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arm's Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

**"Associate Company"** means any other company, in which the Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a joint venture company.

Explanation - For the purposes of this clause, "significant influence" means Control of at least twenty percent of total share capital, or of business decision under an agreement.

**3. "Related Party"** means a person or an entity:

- i. Which is a related party under section 2(76) of the Companies Act, 2013: or
- ii. Which is a related party under the applicable accounting standards.

Related party under section 2(76) of the Companies Act, 2013 and rules made thereunder are as follows :-

- 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. 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;
- vii. any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in (vi) and (vii) above 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. Directors or Key Managerial Personnel of the holding company or his relative; or
- x. Such other persons as may be prescribed by Central Government.

**4. "Related Party Transaction"** means transaction in the nature of contract involving transfer of resources, services or obligations between the Company and the Related Party, regardless of whether a price is charged. Transactions with the subsidiary company, Directors & key Managerial personnel would be considered as related party transactions.

**5. "Relatives"** "Relative", with reference to any person, means 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 person as:
  - a) Father (including step-father)
  - b) Mother (including step-mother)
  - c) Son (including step-son)
  - d) Son's Wife
  - e) Daughter
  - f) Daughter's husband
  - g) Brother (including step-brother)
  - h) Sister (including step-sister)

**6. POLICY:-** The Related Parties as identified above shall disclose any transactions with the Company, preferably well in time before the transaction takes place. The Company shall also identify Related Party Transactions with Directors or Key Managerial Personnel of the holding company/ies or their relatives.

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

## **7. Review and approval of Related Parties Transactions**

### **Audit Committee**

Every Related Party Transaction shall be subject to approval of the Audit Committee whether at a meeting or by resolutions by circulation. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with Company which are repetitive in nature and are in the ordinary course of business and on at Arm's Length basis, subject to compliance of the conditions contained in SEBI (Listing Obligation & Requirement) Regulation, 2015.

Any member of the committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transaction and / or prescribed under the Companies Act, 2013 and Rules thereunder, and the SEBI (Listing Obligation Disclosure Requirement) Regulations, 2015 with the Stock Exchanges.

