



## **POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS**

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### **1. TITLE:**

This Policy shall be called '**Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions**'.

### **2. APPLICABILITY AND EFFECTIVE DATE:**

This Policy will be applicable to the Company with effect from 01<sup>st</sup> October, 2014 to regulate transaction between the Company and its Related Parties based on the applicable laws and regulations.

### **3. OBJECTIVE:**

Related Party Transactions have been one of the major areas of focus for the corporate governance reforms being initiated by Indian legislature.

The changes introduced in the Corporate Governance norms through the Companies Act, 2013 and the revised clause 49 of the listing agreement require the Companies to have enhanced transparency and due process for approval of the Related Party Transactions.

On such requirement is that the Companies are required to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.

### **4. DEFINITIONS:**

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

**"Arms 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.

**"Audit Committee"** means the audit committee constituted by the Board of Directors of the Company in accordance with the applicable law, including the listing agreement and the Companies Act, 2013.

**"Board"** means the Board of Directors of Adinath Exim Resources Limited.

**"Company"** means Adinath Exim Resources Limited.



**“Material Related Party Transaction”** means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year exceeds 10% of the consolidated Annual Turnover of the Company as per the last audited financial statements of the Company.

**“Policy”** means Related Party Transaction Policy amended from time to time.

**“Related Party”** in relation to the Company means a party related with Company in any of the ways as are laid down in section 2(76) of the Companies Act, 2013 and clause 49 of the listing agreement as amended from time to time.

**“Related Party Transaction”** in relation to the company means a transaction with a Related Party under the relevant provisions of the Companies Act, 2013 and the listing agreement or any other related law, regulation , standard etc.

## **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 Transaction:**

Every Director shall at the beginning of financial year provide information by way of written notice to the Company regarding his concern or interest in the entity with specific concern to parties which may be considered as related party with respected to the Company which shall also provide the list of relatives which are regarded as related party as per this policy. Directors are also required to provide the information regarded as related party according to this policy.

The Company will identify potential transactions with Related Parties based on written notices of concern or interests received from its Directors / Key Managerial Personnel in the manner prescribed in the Companies Act, 2013 and rules thereunder.



## **5.2 Review and Approval of Related Party Transactions:**

### **5.2.1 Audit Committee:**

Every Related Party Transaction shall be subject to the prior 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 the 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 clause 49 of the listing agreement.

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 Transactions and/or prescribed under the Companies Act, 2013 and Rules thereunder, and the Listing Agreement with the Stock Exchanges.

### **5.2.2 Board:**

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

### **5.2.3 Shareholders:**

All the material Related Party Transaction may require approval of the shareholders through special resolution and the Related Party/ies with whom transaction is to be entered shall abstain from voting on such resolution.

All the transaction other than material Related Party Transaction, with the Related Parties which are not in the ordinary course of business or at Arm's length basis shall also require the approval of Shareholders through special resolution if so required under any law and the related Party shall abstain from voting on such resolution.



### **5.3 Material Related Party Transactions:**

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 financial year, exceeds ten percent of the consolidated annual turnover as per the last audited financial statements of the company.

## **6 DISCLOSURES:**

Details of all material transactions with Related Parties shall be disclosed to stock exchanges quarterly along with the compliance report on corporate governance.

The Company shall disclose the policy on dealing with Related Party Transactions on its website and web-link shall be provided in the Annual Report.

## **7 AMENDMENTS:**

The Board shall have the power to amend any of the provisions of this Policy, Substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

## **8 INTERPRETATION:**

- a) Any words used in this Policy but not defined herein shall have the same meaning prescribed to it in the Companies Act, 2013, or rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Agreement, Accounting Standards or any other Accounting Standards or any other relevant legislation/ law applicable to the Company.
- b) In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term /provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

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