



# **GRAVITA INDIA LIMITED**

**Related Party Transaction Policy  
(Effective from 24<sup>th</sup> March 2015)**

### 1. TITLE:

This policy shall be referred to as the “Policy on Dealing with Related Party Transactions”. (“Policy”)

### 2. PREAMBLE:

The Board of Directors (hereinafter referred to as the “Board”) of Gravita India Limited (hereinafter referred to as the “Company”), have adopted the following Policy and procedures with regard to related party transactions. The Audit Committee shall review and may amend this Policy from time to time. This Policy will be applicable to the Company, and shall regulate the transactions between the Company and its related parties based on the applicable laws and regulations applicable on the Company.

### 3. OBJECTIVE:

The Company is mainly engaged in the business of manufacturing and recycling of lead & lead products. As a part of the business activity undertaken by the Company, the Company deals with entities which fall within the purview of related parties. The Company recognizes that transactions falling under the related party transactions may give rise to potential or actual conflicts of interest and may raise questions whether such transactions are in consistence with the Company’s and its shareholders’ best interests, and are in compliance to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Board of Directors of the Company has adopted this Policy upon the recommendation of the Audit Committee and the said Policy sets out the materiality threshold and provides the manner of dealing with transactions between the Company and its related parties. in compliance with the requirements of Section 188 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges in India.

### 4. DEFINITIONS:

- a) **“Act”** means the Companies Act, 2013 and rules made thereunder.
- b) **“Arm’s Length Transaction”** shall have the meaning as described to it under Section 188 of the Act.
- c) **“Audit Committee”** means Committee of Board of Directors of the Company constituted under provisions of Listing Agreement and the Act.
- d) **“Board”** means Board of Directors of the Company.
- e) **“Key Managerial Personnel”** means Key Managerial Personnel as defined under Section 2(51) of the Act.

- f) **“Listing Agreement”** means the Listing Agreement entered into by the Company with the respective Stock Exchanges in India, in which the Company is listed.
- g) **“Material Related Party Transaction”** shall mean and includes:
- Transaction with a related party 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.
  - Transactions which exceed the threshold limits as defined under Section 188 of Act read with rules made thereunder.
- h) **“Related Party(ies)”** means a person or an entity:
- (i) Which is a related party under section 2(76) of the Act, read with rule 3 of the Companies (Specification of definition details) Rules, 2014; or
  - (ii) Which is related party under applicable Accounting Standards.
- i) **“Relative”** shall have the meaning described to it under Section 2(77) of the Act and Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014, as amended from time to time.
- j) **“Transaction(s)”** shall be construed to include a single transaction or a group of transactions arising out of a contract or arrangement entered into between the Company and the Related Party.

## 5. **POLICY:**

The Audit Committee shall review and approve all Related Party Transactions proposed to be entered into by the Company in conformity with this Policy.

All the proposed Related Party Transactions must be reported to the Audit Committee for prior approval in accordance with this Policy. The Audit Committee may, however, grant omnibus approval in the case of frequent / regular / repetitive Transactions which are in the normal course of business of the Company, subject to the conditions laid down in Clause 7 of this Policy.

In order to ensure the independence of the decision of the Audit Committee with respect to Related Party Transactions, in the event any member of the Audit Committee has a potential interest in any Related Party Transaction, such member shall not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction. Further, in accordance with the Listing Agreement, all entities that fall under the definition of Related

Parties shall abstain from voting irrespective of whether the entity is a party to the particular Transaction or not.

It shall be the responsibility of the director and the Company to file the requisite form(s) as mandated under the Act or the relevant rules, containing the particulars of the Related Party Transactions before the prescribed authority.

## **6. IDENTIFICATION OF RELATED PARTY TRANSACTION:**

Every director, at the first meeting of the Board in which he participates in capacity as a director and thereafter at the first meeting of the Board in every financial year, or in the event of change in the disclosures already made by the director, shall disclose his concern or interest, in any company (ies) or body corporate, firms, or other association of individuals which shall include the shareholding, in such manner as prescribed. Each director, who either directly or indirectly, is concerned or interested in a contract or a proposed contract or arrangement shall disclose the nature of his concern or interest, as provided in the Act, at the meeting or Board in which the contract or arrangement is discussed and shall not participate in such meeting. Each director who is not concerned or interested at the time of entering such contract or arrangement but becomes interested or concerned after the contract or arrangement is entered into shall disclose his concern or interest forthwith or at the first Board meeting held after he became so concerned or interested

Further, it shall be the responsibility of every director or Key Managerial Personnel to disclose to the Company, within 30 days of his appointment or relinquishment of his office, the details as prescribed in the above mentioned sub-clause, which relate to his concern or interest in other associations, which are required to be recorded in the register(s) to be maintained by the Company.

Along with the above mentioned, every director will be responsible for providing a declaration containing the following information to the company secretary of the Company on an annual basis, or as and when there is a change in the information provided by the director:

- ✓ Names of his / her Relatives;
- ✓ Partnership firms in which he / she or his / her Relative is a partner;
- ✓ Private Companies in which he / she or his / her Relative is a member or a Director;
- ✓ Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
- ✓ Any Body Corporate whose Board of Directors, Managing Director or Manager is Accustomed to act in accordance with his / her advice, directions or instructions; and
- ✓ Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Every Key Managerial Personnel of the Company will be responsible for providing a declaration containing the following information to the company secretary of the Company on an annual basis, or as and when there is a change in the information provided:

- ✓ Names of his / her Relatives;
- ✓ Partnership firms in which he / she or his / her Relative is a partner;

Besides the above, the Company will also identify other Related Parties as required under the Act and Clause 49 of the Listing Agreement and will comply with the requirements of maintaining all kind of statutory records as prescribed under Act and the rules as amended from time to time.

#### **7. AMENDMENT/MODIFICATION/ADDITION:**

In case there are any amendments, modifications, additions, etc. in the Act, or the relevant rules, or the Listing Agreement, as a result of which this Policy is required to be amended, in such event the proposed changes in the Policy shall be placed before the Audit Committee and the Board to be reviewed and accordingly approved. Upon the approval of the changes in the Policy, the Board/ Audit Committee shall provide suitable directions/guidelines to implement the amended Policy.

Further if any contracts/arrangements pertaining to Related Party Transactions that are approved by the Audit Committee before such amendment/modification/addition, then transactions arising out of the same would not be required to be evaluated again at the time of execution of such contracts/arrangements, provided that the price, value or material terms of the contract or arrangement have not been varied / amended. It shall be the responsibility of the Head of the Finance & Accounts to monitor this process in order to ensure timely execution of the Transactions.

#### **8. APPROVAL OF RELATED PARTY TRANSACTIONS BY THE AUDIT COMMITTEE:**

The Company shall not enter into any contract or arrangement with a Related Party without the prior approval of the Audit Committee. However in case of frequent / regular / repetitive Transactions which are in the normal course of business of the Company, the Audit Committee may grant standing pre-approval / omnibus approval, subject to the following conditions:-

- i. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this Policy
- ii. While granting the approval the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:

- ✓ Name of the related party;
- ✓ Nature of the Transaction;
- ✓ Period of the Transaction;
- ✓ Maximum amount of the Transactions that can be entered into;
- ✓ The manner of determining the arm's length price for the purpose of transfer pricing, both for international and domestic purposes.
- ✓ Indicative base price / current contracted price and formula for variation in price, if any;
- ✓ Such other conditions as the Audit Committee may deem fit.

However, where the need of the Related Party Transaction cannot be foreseen and all the prescribed details are not available, the Audit Committee may grant omnibus approval provided that the value per Transaction does not exceed Rs.1,00,00,000/- (Rupees One Crore only).

- iii. The Audit Committee shall review on quarterly basis, the details of Related Party Transactions entered into by the company pursuant to each of the omnibus approval granted.
- iv. The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

Such Transactions which have been granted omnibus approval shall be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific Transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require prior approval of the Audit Committee.

The Transactions entered into between the Company and its wholly owned subsidiary, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval, shall not require prior approval of the Audit Committee.

#### **9. APPROVAL OF RELATED PARTY TRANSACTIONS BY THE BOARD:**

In the event the Audit Committee determines that the proposed Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter, or it is mandatory under the Act or any law for the Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting 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.

**10. APPROVAL OF RELATED PARTY TRANSACTIONS BY SHAREHOLDERS:**

In the event the Transaction is not in ordinary course of business and not on arm's length price and exceeds the limits specified in the Act read with rules made thereunder and Listing Agreement, the Company shall, along with the approval of the Board, also seek approval of the shareholders through special resolution. In case the member of the Company is a Related Party in the concerned Transaction, such member shall abstain from voting on such resolution.

**11. TRANSACTIONS THAT HAVE NOT BEEN GRANTED APPROVAL:**

In the event the Company enters into a contract or arrangement with a Related Party which was required to be approved by the Board and/or shareholders but has previously not been so approved by the Board or the shareholders by a special resolution, and if such Transaction has not been ratified by the Board or the shareholders within 3 months from the date on which such Transaction was entered into by the Company with a Related Party, such contract or arrangement shall be voidable at the sole opinion of the Board.

Further, if the Transaction entered into by the Company is with a Related Party of any Director of the Company, or is authorized by any Director of the Company, such director of the Company shall indemnify the Company against the loss it has incurred as a result of undertaking such Transaction.

**12. DISCLOSURE:**

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.

**13. PENALTIES:**

The Audit Committee /Board may proceed against the director or the employee of the Company, who had entered into contract or arrangement in contravention of the provisions, for recovery of any loss sustained by result of such contract or arrangement in such manner, it may deem fit and proper. Without prejudice to the above, if any director or any employee contravenes the provisions relating to Related Party Transactions laid down in the Act, such director or employee shall be liable for penalty and other conditions stipulated under the specified provisions of the Act.

**14. SCOPE:**

In the event of any conflict between the provision of this Policy and of the Listing Agreement/ Act or any other statutory enactments, rules, the provisions of such Listing Agreement/Act or statutory enactments, rules shall prevail over this Policy.

**15. AMENDMENT:**

The Company reserves the right to amend or modify this Policy in whole or in part, at any point of time.