



Related Party Transaction Policy (Effective from 24th March 2015)

1. PURPOSE:

This policy aims to determine the materiality of Related Party Transactions ('RPTs') and to deal with RPTs of Gravita India Limited (the 'Company')

This policy is prepared in accordance with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') as amended from time to time, and Section 177 and 188 of the Companies Act, 2013 (the 'Act') read with Rules made thereunder, as amended from time to time.

2. DEFINITIONS:

- a) 'Related Party' and 'Related Party Transactions' (RPT) shall have the meanings ascribed to them under the Companies Act, 2013 and the Listing Regulations.
- b) "Material RPT" means an RPT which exceed the thresholds as specified in the Listing Regulations or the thresholds specified by the Audit Committee from time to time in consonance with the requirements of Listing Regulations.
- c) "Material Modification of a Related Party Transaction" means any subsequent change to an existing RPT, whose value of the modification exceeds 10% of the transaction value approved by the Committee.

3. APPROVALS AND REVIEW:

Audit committee:-

Prior approval of the Audit committee shall be required for:

- All RPTs and any subsequent material modification(s) thereto shall require prior approval of the Audit Committee (the 'Committee'). Further, only those members of the Committee who are Independent Directors shall approve the RPTs as aforesaid.
- a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction, exceeds the lower of the following:
 - (i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
 - (ii) the threshold for material related party transactions of the Company as specified in Schedule XII of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.
- a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party and such subsidiary does not have audited financial statements for a period of at least one year,

prior approval of the audit committee of the listed entity shall be obtained if the value of such transaction exceeds the lower of the following:

- (i) ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
 - (ii) the threshold for material related party transactions of the Company as specified in Schedule XII of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.
- Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.
 - remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, only if the same is material RPT.

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the conditions mentioned in the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company or its Subsidiary subject to compliance of the conditions contained in the Companies Act, 2013 and SEBI Listing Regulations as amended from time to time.

All RPTs, including RPTs approved through omnibus approval, shall be reviewed by the Committee on a quarterly basis.

Omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year. And the omnibus shareholders' approval for material RPTs approved in an AGM shall be valid upto the date of the next AGM for a period not exceeding fifteen months.

Provided further that in case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

RPTs which cannot be foreseen and where the details prescribed in the criteria for seeking omnibus approval are not available, the Committee may grant omnibus approval upto Rs. 1 crore per transaction.

Board & Shareholders:

- a) Every "material RPT" and subsequent "material modifications" as defined in Para 2 of this Policy, shall require prior approval of the shareholders through Resolution. No Related Parties shall vote to approve the relevant transaction, irrespective of whether the entity is a related party to the particular transaction or not. However, prior approval of the shareholders of the Company shall not be required for a Related Party Transaction to which the listed subsidiary is a party, but the listed entity is not a party, if Regulation 23 and Regulation 15(2) of the Listing Regulations are applicable to such listed subsidiary.

- b) All RPTs prescribed under Section 188 of the Act, which are either not in the ordinary course of business or are not at arm's length basis, shall require prior approval of:
- i. Board; and
 - ii. Shareholders, if amount of such transactions exceeds the limits prescribed in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014. No Related Party shall vote to approve such transaction.

4. MATERIAL RELATED PARTY TRANSACTIONS

Pursuant to the provisions of Regulation 23 of the Listing Regulations, a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds the limits mentioned in Schedule XII of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

Pursuant to the provisions of Regulation 23(1A) of the Listing Regulations, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

5. FOLLOWING TRANSACTIONS NOT TO BE CONSIDERED AS RELATED PARTY TRANSACTIONS:

Provisions of Regulation 23 (2), 23(3), 23(4) of Listing Regulation shall not applicable in the following cases:

- a) Transactions entered into between two public sector companies;
- b) Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval;
- c) Transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval;
- d) Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand;
- e) Transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

6. DISCLOSURES

- a) Particulars of RPTs shall be disclosed in such manner and within such timelines as prescribed under the Listing Regulations and/or the Act (including rules made thereunder), from time to time.
- b) This Policy shall be disclosed on the Company's website www.gravitaindia.com and a web link thereto shall be provided in the Annual Report of the Company

7. APPLICABILITY, REVIEW AND AMENDMENT

Applicable provisions of the Companies Act, 2013 and the Listing Regulations pertaining to Related Party Transactions and dealing with Related Party Transactions, which are not specifically covered in this Policy shall be deemed to form part of this Policy, notwithstanding the fact that such provision(s) have not been mentioned explicitly in this Policy.

The Board shall review the Policy at least once in every three years. The Board may amend, abrogate, modify or revise any or all provisions of this Policy, subject to the provisions of the Companies Act, 2013 and the Listing Regulations, as applicable. However, amendments in the Act or in the Listing Regulations shall be binding even if not explicitly incorporated in this Policy.