



Related Party Transaction Policy

DHABRIYA POLYWOOD LIMITED

1. **PREAMBLE**

The Board of Directors (the “Board”) of DHABRIYA POLYWOOD LIMITED (“Company”) has adopted the following policy and procedures with regard to Related Party Transactions as defined below, in compliance with the requirement of section 188 of the Companies Act, 2013 (“the Act”) and rules made thereunder and any subsequent amendments thereto and Listing Agreement with the Stock Exchanges in order to ensure the transparency and procedural fairness of Related Party Transactions.

2. **PURPOSE**

This policy is framed based on Listing Agreement entered by the Company with the Stock Exchanges. The policy intends to ensure the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws. This policy shall supplement the Company’s other policies in force that may be applicable to or involve transactions with related persons.

3. **DEFINITIONS**

- **“Act”** means the Companies Act, 2013 and rules made thereunder.
- **“Board”** means Board of Directors of the Company.
- **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- **“Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under provisions of Listing Agreement and the Act.
- **“Arm’s length Basis”** means basis and principles followed for conduct of transactions between two un-related parties, with no conflict of interest.
- **“Key Managerial Personnel”** means Key Managerial Personnel as defined under Section 2(51) of the Act.
- **“Material Related-Party Transaction”** means a transaction with a related party if the transaction(s) 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.
- **“Related Party(ies)”** means related party as defined in Regulation 2(zb) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, which is as follows
 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 which 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 or his relative is a member or director;

- v. a public company in which a director or manager is a director and 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. director or key managerial personnel of the holding company or his relative with reference to a company; 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

- **“Relative”** means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if-
 - i. they are members of a Hindu Undivided Family;
 - ii. they are husband and wife; or
 - iii. father (including step-father)
 - iv. mother (including step-mother)
 - v. son (including step-son)
 - vi. son’s wife
 - vii. daughter
 - viii. daughter husband’s
 - ix. brother (including step-brother)
 - x. sister (including step-sister)

4. **POLICY**

Identification

All Related Party Transactions must be brought to the notice of the Audit Committee of the Company.

Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Audit Committee of the Company through Company Secretary.

All Directors, Members of the Management Committee and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest (including interest of their Relatives) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Directors, Members of the Management Committee and KMPs are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction is in the ordinary course of business and on an arm's length basis.

Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and to refer it to the Audit Committee.

5. **APPROVAL OF RELATED PARTY TRANSACTIONS**

➤ **Approval of Audit Committee**

All Related Party Transactions of the Company as prescribed under the Act shall require prior approval of Audit Committee, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the conditions set forth in the Listing Agreement. Any member of the Audit Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

➤ **Approval of Board of Directors**

Transactions with the related parties (as defined under Companies Act 2013) within the scope of Section 188 of the Act, which are either not in the Ordinary Course of Business or are not at Arms' Length shall require prior approval of the Board of Directors. In the above context, where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

➤ **Approval of 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.

6. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Transaction with a Related Party, which is regulated under the Listing Agreement or which is not on Arm's length basis or not in the ordinary course of business, that has not been approved or is not in accordance with the delegation approved under this Policy, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

7. DISCLOSURE(S)

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.

8. AMENDMENT

The Company reserves the right to amend or modify this Policy in whole or in part, at any point of time. Any or all provisions of this policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.