Auto Pins India Limited

SIROCCO

# Related Party Transaction Policy

## 1. Preamble

The Board of Directors of Auto pins (India) limited has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time.

## 2. Purpose

Security Exchange Board of India (SEBI), Circular Dated 17 April 2014, has amended the clause 49 of listing agreement entered into by the company with the stock Exchanges. The Amended clause 49 requires all listed companies to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. This policy has been framed for complying with above requirement.

## 3. Definitions

**"Audit Committee or Committee"** means 'Audit Committee' of the Board of Directors of the Company.

**"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.

**"Key Managerial Personnel"** means key managerial personnel as defined under the Companies Act, 2013 and includes

(i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director;
(ii) Company Secretary; and
(iii) Chief Financial Officer

**"Material Related Party Transaction"** means a 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 five percent of the annual turnover or twenty percent of the net worth of the company as per the last audited financial statements of the

company, whichever is higher.

**"Policy"** means Related Party Transaction Policy.

**"Related Party**" means related party as defined in Clause 49 of the ListingAgreement which is as follows:

A 'related party' is a person or entity that is related to the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

Related Party under Section 2(76) of Companies Act, 2013 is 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 sharecapital ;
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 under 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 body corporate which is –

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 ;
c. An investing company or the venture of a Company.
d.

The investing Company or the venture of a Company means a body corporate whose investment in the company would result in the company becoming an associate Company.

e. 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 any- one 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's husband
ix. Brother (including step-brother)
x. Sister (including step-sister)

## 4. Policy

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy. All Related Party Transactions shall require prior approval of Audit Committee. Further, all Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolutions.

## 5. Procedure

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy. The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and

review information about the proposed transaction.

### 5.1. Identification of potential Related Party Transactions

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy. The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

### 5.2 Review and Approval of Related Party Transactions

#### i. Audit Committee

All the transactions which are identified by the audit committee as related party transactions should be pre-approved by the Audit Committee before entering into such transaction. The Company Secretary shall place the details of all related party Transactions in the subsequent meeting of the Audit Committee. The Audit committee shall consider the following factors while deliberating the related party transactions for its approval: -

- Name of party and details explaining nature of relationship
- Nature of transaction and material terms thereof including the value, if any;
- the manner of determining the pricing to ascertain whether the same is on arm's length
- Business rationale for entering into such transaction

Any member of the 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. If the committee determines that the a related party transaction is (i) a Material related party transaction or (ii) Transactions are not in the ordinary course of business or not at the arm's length price, the audit committee shall place the matter before the board for obtaining its approval

#### ii. Board of Directors

Where approval of Board of Directors is required for any related party transaction or if the Board in any case elects to reviews any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then 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. Any member of the Board who has any interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

#### iii. Shareholder approval

In case Board refers a related party transaction for seeking approval of the shareholders as per the provisions of Companies Act 2013 or otherwise, if any member of company is a related party as per this policy, such member of the company shall not vote on resolution passed for approving such related party transaction.

### iv. Related Party Transactions not approved under this Policy

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Board. The Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction. In connection with any review of a Related Party Transaction, Board has authority to modify or waive any procedural requirements of this Policy.

## 6. Disclosures

 The Company is required to disclose Related Party Transactions in the Company's Board's Report to shareholders of the Company at the Annual General Meeting.

 Details of all Material Related Party Transactions shall be disclosed along with Company's Compliance Report on Corporate Governance, in accordance with the Listing Agreement.

 The Company is also required to disclose this Policy on its website and also in the Annual Report of the Company.

## 7. Amendments in Law

Any subsequent amendment / modification in the Listing Agreement and/or other applicable laws in this regard shall automatically apply to this Policy.