

STANROSE MAFATLAL
INVESTMENTS AND FINANCE LIMITED
POLICY ON RELATED PARTY TRANSACTIONS

1. **INTRODUCTION**

The Board of Directors (the “Board”) of Stanrose Mafatlal Investments and Finance Limited (the “Company”), has adopted the following policy and procedures with regard to dealing with Related Party Transactions and Materiality of Related Party Transactions as defined below. The Audit Committee will review this policy from time to time and recommend amendments for the consideration of the Board.

This policy will regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company and also provides for materiality of related party transactions.

2. **PURPOSE**

This Policy is intended to ensure transparency and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as amended from time to time.

3. **DEFINITIONS**

“**Act**” means the Companies Act, 2013 including any amendment or modification or statutory re-enactment thereof.

“**Arm’s length transaction**” means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“**Material Related Party Transaction**” means a transaction with a Related Party where the transaction to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover/total income of the company as per the last audited financial statements of the company or such other limit as may be prescribed from time to time.

“Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.

“Policy” means this Policy on Related Party Transactions.

“Related Party” means an entity that is related to the Company as per

(i) Section 2(76) of the Companies Act, 2013; and/or

(ii) Regulation 2(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Related Party Transaction” means transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

A “transaction” shall be construed to include single transaction or a group of transactions in a contract.

“Relative” means relative as defined under the Companies Act, 2013 from time to time.

Any other term not defined herein shall have the same meaning as defined in the Act, Listing Regulations, 2015, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

4. **POLICY**

All Related Party Transactions must be reported to the Audit Committee for its approval in accordance with this Policy.

Identification of Potential Related Party Transactions

Every Director and Key Managerial Personnel will be responsible for providing a declaration containing the following information to the Company Secretary on an annual basis and whenever there is a change in the information provided:

1. Names of his / her Relatives;
2. Partnership firms in which he / she or his / her Relative is a partner;
3. Private Companies in which he / she or his / her Relative is a member or Director;
4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
5. 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
6. 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).

Each director and Key Managerial Personnel is 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 Board/Audit Committee may request, for being placed before the Audit Committee and the Board.

The Company prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

Review and Approval of Related Party Transactions

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by circular resolution or any other manner as provided by the Act or Rules made thereunder. 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.

To review a Related Party Transaction, the Audit Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

In determining whether to approve a Related Party Transaction, the Audit Committee will consider the following factors, amongst others, to the extent relevant to the Related Party Transaction:

- i. Whether the terms of the Related Party Transaction are fair, in the Ordinary Course of Business and on Arm's Length Basis to the Company;
- ii. Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- iii. Whether the Related Party Transaction would affect the independence of the directors/KMP;
- iv. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- v. Whether the Related Party transaction would present conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

If the Audit Committee determines that a 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 any law for 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.

Notwithstanding the foregoing, the Related Party Transactions between the 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, shall not require approval of Audit Committee or Shareholders.

5. **STANDING PRE-APPROVAL / OMNIBUS APPROVAL BY THE AUDIT COMMITTEE**

The Audit Committee shall lay down the criteria for granting omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.

While granting the approval the Audit Committee shall satisfy itself of the need for the omnibus approval and that the same is in the interest of the Company. The omnibus approval shall specify the following:

- a) Name of the related party
- b) Nature of the transaction
- c) Period of the transaction
- d) Maximum amount of the transactions that can be entered into
- e) Indicative base price / current contracted price and formula for variation in price, if any
- f) Such other conditions as the Audit Committee may deem fit.

Such transactions will 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 a prior approval of the Audit Committee.

Further, where the need of the related party transaction cannot be foreseen and / or all prescribed details are not available, Audit Committee may grant omnibus approval subject to the value per transaction not exceeding Rs.1,00,00,000/- (Rupees One Crore only). The details of such transaction shall be reported at the next meeting of the Audit Committee for ratification. Further, the Audit Committee shall on quarterly basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy. Such omnibus approvals shall be valid for a period not exceeding 1 year and shall require fresh approvals after the expiry of 1 year. However, the Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the company pursuant to each of the omnibus approval given.

The Board would approve such Related Party Transactions as are required to be approved under the Act and/or Listing Regulations and/or transactions referred to it by the Audit Committee.

Where any director is interested in any Related Party Transaction, such director will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction. Further, all Material Related Party Transactions shall require approval of shareholders of the Company through special resolution (unless it is exempted pursuant to the provisions of listing Regulations) and all Related Parties shall abstain from voting on such resolution(s).

All Related Party Transactions (other than Material Related Party Transactions) pursuant to Section 188 of the Companies Act, 2013 which are not in the ordinary course of business or not an Arms' length transaction and cross the threshold limits prescribed under Companies Act, 2013 shall also require the approval of shareholders of the Company through special resolution and all Related Parties shall abstain from voting on such resolution(s).

In case the shareholders decide not to approve a Related Party Transaction, the Board/Audit Committee, may direct additional actions as it may find appropriate, including but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable to shareholders for approval.

6. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Audit Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Audit Committee or the Board or the Shareholders shall consider all relevant facts and circumstances regarding such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Audit Committee deems appropriate under the circumstances.

7. DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

- Particulars of every Related Party Transaction entered into by the Company shall be referred to in the Board's report to the shareholders and in case of transactions which are not at arm's length basis the justification for entering into such transaction and the date of passing Special Resolution for the purpose shall also be disclosed.
- Details of all material transactions with related parties shall be disclosed quarterly to BSE Ltd. along with the compliance report on Corporate Governance.
- The company shall disclose the policy on dealing with Related Party Transaction on its website and a web link thereto shall be provided in the Annual Report.
- A register of Related Party Transactions shall be maintained as per the Act and placed before the next Board Meeting and signed by all the directors present at the Meeting.

- The various business heads, strategic sourcing department, department heads or any person authorized to enter into any transaction on behalf of the company shall not undertake any transaction with Related Party unless they confirm that the transaction has prior approval of the Audit Committee and that the transaction is both in the ordinary course of business and at Arm's length or it did not exceed materiality thresholds. Any transaction not meeting the required criteria mentioned above should be brought to the notice of the Secretarial Department, Accounts Department, CFO and CEO for seeking the requisite approvals.

8. **AMENDMENT**

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

9. **INTERPRETATION**

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

Approved by the Board of Directors at their Meeting held on March 12, 2015 and subsequent amendment approved at its Meeting held on February 12, 2016.

(P. R. MAFATLAL)
CHAIRMAN