

POLICY ON RELATED PARTY TRANSACTIONS

Compliance with the Companies Act, 2013 and SEBI
(Listing Obligations and Disclosure Requirements)
Regulations, 2015

A policy on the Related Party Transactions adopted by Haldyn Glass Limited

Introduction

Haldyn Glass Limited ('the Company') has adopted this Policy, upon the recommendation of the Audit Committee and the said Policy is in compliance with the requirements of Section 188 of the Companies Act, 2013 ("the Act") and rules framed thereunder (hereinafter referred to as "the Act") and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) [hereinafter referred to as "SEBI Regulations"].

Objective

This Policy is intended to ensure due and timely disclosure, identification, reporting and approval of transactions between the Company and its Related Parties as defined below, in compliance with the Act and Rules framed thereunder and the SEBI Regulations as may be amended from time to time.

Scope and Applicability

This policy shall apply to all new/modified related party transactions, as specified under the Act and the SEBI Regulations

This policy may not cover all related party transactions which are required to be dealt with / disclosed as per the requirements of Accounting Standard-18- "Related party Disclosures".

No related party transaction may be entered into between the Company and its related parties except in accordance with the provisions of this Policy.

Definitions

The following words shall have the meanings as provided in the policy, unless otherwise mentioned in the Act or the SEBI Regulations:

Audit Committee	"Audit Committee or Committee" means the Audit Committee of the Board constituted under the provisions of the SEBI Regulations and Section 177 of the Act.
Board	"Board" means the Board of Directors of the Company as defined in Section 2(10) of the Act.
Related Party	"Related Party" means related party as defined in section 2(76) of the Act and Regulation 2(zb) of the Listing Regulations or under the applicable accounting standards, each as amended from time to time.
Related Party Transaction	"Related Party Transaction" refers to those transactions that are covered under the scope of section 188 of the Act and Regulation 2 (1) (zc) of the Listing Regulations and any other applicable provisions as amended from time to time.

Material Related Party Transaction	<p>“Material Related Party Transaction” shall have the meaning as defined in the SEBI regulations.</p> <p>Without prejudice to the foregoing, at present, as per the explanation to Regulation 23(1) of the Listing Regulations, this term means a transaction with a related party shall be considered material if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rupees 1,000 crores or ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company, whichever is lower.</p> <p>Further, 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 five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.</p>
Material Modification	<p>“Material Modification” means any modification which exceeds 5% of the approved limit of the Related Party Transactions after taking into consideration the revised proposal relating thereto</p>
Policy	<p>“Policy or this Policy” means this policy on related party transactions of the Company.</p>
Arm’s Length basis	<p>“Arm’s length basis” means a transaction between two related parties that is conducted, as if they were unrelated, so that there is no conflict of interest.</p> <p>For determination of Arm’s length basis, guidance may be taken from the provisions of Domestic Transfer Pricing under the Income-tax Act, 1961.</p>
Relative	<p>“Relative” means relative as defined under section 2(77) of the Act and Rules framed thereunder.</p>
Key managerial personnel (KMP)	<p>“Key managerial personnel (KMP)” means KMP as defined under section 2(51) of the Act and Rules framed thereunder.</p>

Words and expressions used and not defined in the Policy shall have the same meanings as assigned to them in the Act or the SEBI Regulations.

Related Party Transactions

In order to comply with the relevant provisions of the Act and the SEBI Regulations and seeking requisite approvals, each related party transaction would be examined and categorized, as follows:

(A) Material Related Party Transaction (as per SEBI Regulations)

A related party transaction shall be considered as material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year	Exceeds rupees 1,000 crores or ten percent of the annual consolidated turnover of the company.*
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**As per the audited financial statements of the preceding financial year.*

(B) Significant Related Party Transaction (as per Section 188 of the Act)

Significant Related party transaction shall include any of the following transactions entered into between the Company and the related party, which exceed the thresholds as specified under the Act and Rules framed thereunder:

Nature of transactions	Limits
a) Sale, purchase or supply of any goods or materials	Exceeding ten per cent of the turnover of the Company
b) Selling or otherwise disposing of, or buying, property of any kind	Exceeding ten per cent of the net worth of the Company
c) Leasing of property of any kind;	Exceeding ten percent of turnover of the Company
d) Availing or rendering of any services, directly or through appointment of agent	Exceeding ten per cent of the turnover of the Company
<i>It is hereby clarified that the limits specified in sub-clauses (a) to (d) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year</i>	
f) Such related party's appointment to any office or place of profit in the Company, its Subsidiary Company or Associate Company; and	Exceeding a monthly remuneration of two and half lakh rupees
g) Underwriting the subscription of any securities or derivatives thereof, of the Company	Exceeding one per cent of the net worth

The turnover or net worth referred to above shall be computed on the basis of the audited financial statements of the preceding financial year.

Provided that if any related party transaction which is in the ordinary course of business **and** on arm's length basis it shall be not be considered as a Significant related party transaction.

(C) Other Related Party Transactions

Other **Related Party Transactions** shall mean any other related party transactions which are not included in (A) and (B) above.

Review and approval of Related Party Transactions

Significant and Material Related Party Transactions

All significant and material related party transactions shall require the approval of the Shareholders as per the SEBI Regulations and the Act and the parties related to such transaction shall abstain from voting on such resolution.

Approval process

Audit Committee Approval Process

All related party transactions shall require the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode. A member of the Committee who is interested in any related party transaction shall not be present at the meeting

during discussion on the subject matter of the resolution relating to such contract or arrangement.

The Audit committee shall consider the following factors among others to determine whether any related party transaction shall be approved or ratified:

1. Whether the related party transaction is proposed to be entered into (or was entered into) on terms no less favourable to the Company than terms that could have been reached with an unrelated third party;
2. The purpose of and the potential benefits to the Company of such transaction;
3. Whether the related party transaction would affect the independence of an independent director;
4. Whether the related party transaction would present an improper conflict of interest for any director or key managerial personnel of the Company, taking into account the size of the transaction, the direct or indirect nature of the director's or KMPs' or their relatives' interest in the transaction, the ongoing nature of any proposed relationship and any other factors the Committee deems relevant;
5. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction.

Board Approval Process

1. Where any director is interested in any Significant/Material related party transaction, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement;
2. The Board shall consider and, if thought fit, approve the Significant/Material related party transactions and refer the same to the Shareholders for approval;
3. Approval of the Board has to be obtained at a duly convened meeting of the Board where the directors may participate either in person or through video conferencing or other audio visual means.

Shareholder Approval process

1. Significant/Material related party transactions as approved by the Board shall require the prior approval of the Shareholders. The notice of the general meeting or postal ballot shall contain such information as may be specified under the Act or rules framed thereunder;
2. All entities falling under the definition of related parties shall abstain from voting on such resolution;

Related Party Transactions not approved under this Policy

In the event the Company becomes aware of any transaction with a Related Party that was not entered into in line with this Policy the same shall be reported to the Audit committee in the next meeting. The Committee shall consider all relevant facts and circumstances regarding such related party transaction and shall evaluate all options available to the Company, including ratification, revision or termination of such related party transaction. The Committee may also examine the facts and circumstances pertaining to the failure of reporting such related party transaction under this Policy.

In case the Committee decides not to ratify any such related party transaction, the Committee may direct to seek approvals of the Board and/or the Shareholders, as it may deem appropriate.

Omnibus Approval by Audit committee

In case of business exigency and operational convenience, the Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the following conditions:

1. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
2. The Audit Committee shall satisfy itself of the need for such omnibus approval and that such approval is in the interest of the Company;
3. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price /current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit;
4. Provided that where the need for Related Party transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.
5. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;
6. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Related Party Transaction which do not require approval

Notwithstanding the foregoing, any transaction relating to compensation to a director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business, shall not require approval under this Policy as their terms of appointment/remuneration are dealt with under specific provisions of the Act.

Disclosures

1. The Company shall disclose details of contracts or arrangements or transactions not at arm's length basis in its Directors Report and material contracts or arrangement or transactions at arm's length basis in its Corporate Governance Report.
2. The Company shall disclose the policy on dealing with related party transactions on its website and a web link thereto shall be provided in the Annual report.

Review of the policy

This Policy will be reviewed as and when required but at least once in three years.

Conclusion

The Audit committee shall have authority to modify or waive any procedural requirements of this Policy.

All related party contract / arrangements shall be in compliance with the provisions of the Act, Listing Regulations and applicable Accounting Standards, as amended from time to time.

In case any amendment(s), clarification(s), circular(s) and guideline(s) issued by applicable regulatory authority (ies), that is not consistent with the requirements specified under this Policy, then the provisions of such amendment(s), clarification(s), circular(s) and the guideline(s) shall prevail upon the requirements hereunder and this Policy shall stand amended accordingly effective from the date as laid down under such amendment(s), clarification(s), circular(s) and guideline(s).

This Policy or the relevant provisions of this Policy shall be disseminated to all concerned employees of the Company and shall also be uploaded on the intra-net and website of the Company and web link thereto shall be provided in the Annual Report of the Company.