

**Related Party Transaction Policy  
of  
Glittek Granites Ltd.**

**As approved by the Board of Directors in its meeting held on 13.11.2014  
and effective from 1<sup>st</sup> October, 2014**

## **1.The Policy**

The related party may have potential or actual conflicts of interests. Such transactions are appropriate only if they are in the best interest of the company. Glittek Granites Limited shall engage with Related Parties in the ordinary course of business and on an arm's length basis to leverage scale, size and drive operational synergies to provide value added, innovative products to its consumers while ensuring that transactions with Related Parties are, fully compliant with applicable Regulations.

## **2. Objective of the Policy**

The Board of Directors ("the Board") of Glittek Granites Limited ("GGL" or "the Company"), after considering the recommendation of the Audit Committee, has adopted this policy and associated procedures with regard to Related Party Transactions, in line with the requirements of the Companies Act, 2013 and the Equity Listing Agreement.

This Policy is intended to ensure that proper reporting, approval and disclosure processes in place for all transactions between the Company and Related Parties. This policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions.

## **3. Definitions and Applicability**

"Act" shall mean the Companies Act 2013 and the rules framed there under, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

"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. For determination of Arm's length basis, guidance may be taken from the provisions of Transfer pricing under Income tax Act, 1961.

"Associate Company" means any other Company, in which the company has a significant influence, but which is not a subsidiary company having such influence and includes Joint Venture Company.

Explanation –For the purpose of this Clause "significant influence" mean control of at least 20 (Twenty) per cent of total share capital, or of business decisions under an agreement.

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

"Omnibus Approval" shall mean a blanket pre activity approval by audit committee subject to compliance of the conditions as laid in this policy.

"Board of Directors or "Board" means the Board of directors of the Company.

“Company” means Glittek Granites Ltd.

“Key Managerial Personnel” means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made there under.

“Policy” means Related Party Transaction Policy of the Company.

“Related Party” means a person or an entity:

- (i) Which is a related party under section 2(76) of the Companies Act, 2013; or
- (ii) Which is a related party under the applicable accounting standards

Related Party under section 2(76) of the Companies Act, 2013 and rules made there under 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 is a member or director;
- (v) A public company in which a director or manager is a director or holds along with his relative, 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 (vi) and (vii) above 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' or
- (x) Such other person as may be prescribed by Central Government.

“Related Party Transactions” or “RPT” shall mean all transactions between the Company and one or more related party including contracts, arrangements and transactions as provided in Section 188(1) of the Act and/or Clause 49 of the Listing Agreement.

“Transaction” shall mean to include a single transaction or a group of transactions in a contract.

“Relatives” and “Relative” with reference to any person, mean anyone who is related to another, if-

- (i) They are members of a Hindu Undivided family:

- (ii) They are husband and wife; or
- (iii) One person is related to the other person as:
  - (a) Father (including step-father)
  - (b) Mother (including step-mother)
  - (c) Son (including step-son)
  - (d) Son's wife
  - (e) Daughter
  - (f) Daughter's husband
  - (g) Brother (including Step-brother)
  - (h) Sister (including step-sister)

This policy shall be applicable to all Related Party Transactions entered into on or after 1st October, 2014. The Audit Committee of the Company shall review all existing related party transactions as a matter of good governance and agree on corrective steps, if required, to ensure that the transactions entered are in the ordinary course of business and are on an arm's length basis.

#### **4. Dealing with Related Party Transactions**

Related Party Transactions are prohibited, unless approved or ratified by the Audit Committee and / or the Board of Directors of the Company in accordance with this policy. In dealing with Related Party Transactions, the Company will follow the following approach:

##### **I. Identification of Related Party Transactions**

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.

##### **II. Review and Approval of Related Party Transactions**

Related Party Transactions are prohibited, unless approved or ratified by the Audit Committee of the Company in accordance with this policy.

Unless otherwise stated in this policy, all Related Party Transactions require prior approval of the Audit Committee of the Company whether at a meeting or by resolutions by circulation. All Related Party Transactions must be reported to the Company Secretary who shall submit the same for approval or ratification by the Audit Committee in accordance with this policy.

The Audit Committee shall grant omnibus approval to Related Party Transactions that are:

- a. repetitive in nature; and/or
- b. entered in the ordinary course of business and are at Arm's Length. The expression Arm's Length has the meaning as described in Section 188 of the Companies Act, 2013.

Such omnibus approval will be granted to the transactions which, in addition to meeting the above criteria, also satisfy the following considerations:

- (a) The transaction in question is necessary to be executed as it is in the business interest of the Company;
- (b) If the transaction to be entered into with a Related Party is concerning technology transfer, intellectual property or specialized services that are proprietary in nature;
- (c) The requisite information is presented to the Audit Committee's satisfaction, to confirm that the transaction is at Arm's Length and in ordinary course of business;
- (d) 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 value and the formula for variation in the value, if any and (iii) such other conditions as the Audit Committee may deem fit;

Provided that where the need for related party transactions can not be foreseen and aforesaid details are not available, Audit committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 Crore per transaction

Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

The Audit Committee shall on quarterly basis review the details of the Related Party Transactions entered into by the Company pursuant to the omnibus approval.

In an unforeseen event where a Related Party Transaction, for which Omnibus approval has not been given by the Audit Committee, needs to be entered due to business exigencies between two Audit Committee meetings, the Audit Committee may approve such Related Party Transaction by passing a resolution by circulation, after satisfying itself that such transaction is in the interest of the Company.

Ratification, if any, of a Related Party Transaction after its commencement or completion will be approved by the Audit Committee in exceptional circumstances only.

A Related Party Transaction entered into without prior approval of the Audit Committee shall not be deemed to violate this policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee for ratification as promptly as reasonably practical after it is entered into and such transaction is ratified.

Any member of the Audit Committee, who has a potential interest in any Related Party Transaction, will recuse him or herself and abstain from voting on the approval or ratification of such Related Party Transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval or ratification of the Audit Committee.

All Related Party Transactions that are not in the ordinary course of business or not on arm's length basis shall be referred to the Board of Directors for their approval. Any member of the Board who has a potential interest in such Related Party Transaction will recuse him or herself and abstain from voting on the approval of such Related Party Transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval of the Board.

Any such Related Party Transactions shall also be placed for prior approval of shareholders if exceeds the thresholds as prescribed under the Companies Act, 2013 and rules framed there under and the Listing Agreement.

All entities falling under the definition of Related Parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

### **III. Related Party Transactions that shall not require Approval**

Following transactions shall not require separate approval under this policy:

1. Any transaction pertaining to appointment and remuneration of Directors and KMPs that has already been approved by the Nomination and Remuneration Committee of the Company or the Board;
2. Transactions that have been approved by the Board under the specific provisions of the Companies Act, e.g. inter-corporate deposits, borrowings, investments with or in wholly owned subsidiaries or other Related Parties;
3. Payment of Dividend;
4. Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off, approved by the Board and carried out in accordance with the specific provisions of the Companies Act, 2013 or the Equity Listing Agreement;

### **5. Material Related Party Transaction**

All Material Related Party Transactions shall be placed for prior approval of shareholders through Special Resolution.

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 exceed ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

## **6.. Disclosure(s)**

Details of all Material Related Parties Transactions shall be disclosed, on quarterly basis, along with the compliance report on corporate governance, to the Stock Exchanges.

The Company shall disclose the policy on dealing with Related Party Transactions on its website and provide weblink in the Annual Report. In addition to the disclosures required under Accounting Standard, Related Party Transactions that are not at arm's length basis and Material Related Party Transactions that are at arm's length or such other transactions as may be statutorily required, shall be disclosed in the Annual Report of the Company.

## **7. Governance of the Policy**

- i.** Subject to the superintendence of the Board, this Policy shall be interpreted and administered by the Audit Committee. The Audit Committee shall investigate and taking appropriate actions/steps for compliance or prevention of breach of this Policy and authorise any disciplinary action for breach. Any disciplinary action taken by the Audit Committee shall be in addition to the penal provisions under the Act or the Listing Agreement or by any other regulatory authority.
- ii.** The provisions of the Act and the Listing Agreement shall be deemed to have been *mutatis mutandis* specifically incorporated in this Policy and in case any of the provision of this Policy is inconsistent with the provisions of Act and/or the Listing Agreement, the provisions of Act and/or the Listing Agreement shall prevail.
- iii.** For interpretation of this Policy, reference and reliance may be placed upon circulars/clarifications issued by the Ministry of the Corporate Affairs or SEBI and/or any other authority