

DELTA MANUFACTURING LIMITED

RELATED PARTY TRANSACTION POLICY

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1. Preamble

The Board of Directors (the “Board”) of Delta Magnets Limited (the “Company”), 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.

This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable on the Company.

2. Purpose

This Policy is framed in accordance with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof) to be effective from 1st December 2015 and is intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties.

3. Definitions

“**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or 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. For determination of Arm’s Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company under provisions of Equity Listing Agreement and Act, from time to time.

“**Associate Company**” means any other Company, in which the Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a joint venture company.

Explanation – For the purpose of this clause, “significant influence” means control of at least twenty per cent of total share capital, or business decisions under and agreement.

“Board of Directors” or “Board” means the Board of Directors of the Company, as constituted from time to time.

“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 of the Company in terms of the Act and the Rules made thereunder.

“Material Related Party Transaction” means transaction/transactions with the related party 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.”

“Policy” means Related Party Transaction Policy.

“Related Party” means an entity which –

- a) is a related party under Section 2(76) of the Act, and the rules framed thereunder;
- b) is a related party under the applicable accounting standards.

“Related Party Transaction or transaction” means transaction in the nature of contract involving transfer of resources, services or obligations between the Company and the Related Party, regardless of whether a price is charged.

Explanation – A “transaction” with a Related Party shall be construed to include single or a group of transactions in a contract.

4. Policy and Procedure

- Policy

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this policy.

- Procedures

A. Identification of Related Party Transactions

Every director shall at the beginning of the financial year provide information by way of written notice to the company regarding his concern or interest in the entity with specific concern to parties which may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this policy. Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this policy.

The Company will identify potential transactions with Related Parties based on written notices of concern or interests received from its Directors / Key Managerial Personnel in the manner prescribed in the Act, and the rules thereunder.

B. Review and approval of Related Party Transaction

» **Audit Committee**

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

Provided that the transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval shall not require prior approval of the Audit Committee.

- o The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company which are repetitive in nature subject to compliance of the conditions contained in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

The Committee shall also satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.

If any additional Related Party Transaction is to be entered by the Company post omnibus approval granted by the Audit Committee, then the Company shall present such transaction before the Audit Committee in its next meeting for its prior approval.

- o The Audit Committee shall also review the statement of significant related party transactions submitted by management as per its terms of reference.
- o Any member of the Committee who has a potential interest in any Related Party Transaction shall not remain present at the meeting when such Related Party Transaction is considered.
- o To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions.
- o The Audit Committee shall recommend the Related Party Transactions for approval of Board of Directors / Shareholders as per terms of this policy.

» **Approval of the Board and the Shareholders**

- o The Board shall approve such Related Party Transactions as are required to be approved under Act and/or Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or transactions referred to it by the Audit Committee.

Where any director is interested in any Related Party Transaction, such director shall not remain present at the meeting when Related Party Transactions is considered.

Further, all such related party transactions exceeding threshold limits prescribed in the Act shall also require prior approval of shareholders of the Company by way of an Ordinary Resolution and related party/ies shall abstain from voting on such resolution.

- o In Compliance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the material Related Party Transactions shall require approval of shareholders through an Ordinary Resolution and the Related Party/ies shall abstain from voting on such resolution.

Provided that the Material Related Transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval shall not require approval of the shareholders.

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

5. Transactions which do not require approval

Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

6. 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 Committee. 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. The Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

7. Disclosures

- o Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.
- o Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- o The Company shall disclose policy on dealing with Related Party Transactions on its website and also in the Annual Report.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

8. Policy Review

This policy is framed based on the provisions of the Act and rules thereunder and the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as on 1st December, 2015.

In case of any subsequent changes in the provisions of the Act, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other regulations ("the Regulations") which makes any of the provisions in the policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the policy would be modified in due course to make it consistent with the Regulations.

The Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in the Regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors.
