



## RELATED PARTY TRANSACTION POLICY

### 1. Introduction:

The Board of Directors (the "Board") of Deep Industries Limited (the "Company"), has adopted the following policy and procedure with regard to Related Party Transactions as mentioned below. This Policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable on the Company. The Audit Committee will review and amend this policy from time to time.

### 2. Applicability:

The Policy shall be applicable to all Related Party Transactions to be entered into or modification of any Related Party Transactions w.e.f. 1<sup>st</sup> October, 2014.

### 3. Scope:

This Policy is applicable to all Related Party Transactions as per Companies Act, 2013 and the Listing Agreement.

### 4. Definitions:

In this Policy, unless the context otherwise requires:

- (a) "Act" shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.
- (b) "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 provisions of Domestic Transfer Pricing under Income Tax Act, 1961.
- (c) "Audit Committee or Committee" means "Audit Committee" constituted by the Board of Directors of the Company under the provisions of Listing Agreement and Companies Act, 2013, from time to time.
- (d) "Board of Directors" or "Board" means the Board of Directors of the Company, as constituted from time to time.
- (e) "Key Managerial Personnel" means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made thereunder.
- (f) "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.”

(g) “Policy” means Related Transaction Policy.

(h) “ Related Party” means an entity in which -

- I. is a related party under Section 2(76) of the Companies Act, 2013 and the rules framed thereunder;
- II. is a related party under the applicable accounting standards.

(i) “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 constructed to include single or a group of transactions in a contract.

## **5. 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.

### **- Procedure**

#### **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 financial year which may be regarded as related party according to this policy.

The Company will identify potential transactions with Related Party based on written notice of concerns or interests received from its Directors /Key Managerial Personnel in the manner prescribed in the Companies Act, 2013 and the rules made thereunder.

#### **b. Review and approval of Related Party Transaction**

##### **> Audit Committee**

- △ Every Related Party Transaction shall be subject to the prior approval of the Audit Committee.



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.

Further, as per the Act, the related party transaction shall not require approval of the Audit Committee where the transactions are on the ordinary course of business and also on arm's length basis.

- △ 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 Clause 49 of the Listing Agreement as amended from time to time.

The Committee shall also specify 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.

- △ The Audit Committee shall also review the statement of significant related party transactions submitted by management as per its terms of reference.
- △ Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.
- △ 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.
- △ The Audit Committee shall recommend the Related Party Transactions for approval of Board of Directors / Shareholders as per terms of this policy.

#### > **Approval of Board and the Shareholders**

- △ All Related Party Transactions (other than Material Related Party Transactions) which are not in the ordinary course of business or not at the arm's length price shall require prior approval of the Board of Directors of the Company. 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 such related party transactions exceeding threshold limits prescribed in the Act



shall also require prior approval of shareholders of the Company by way of Special Resolution and related party/ies shall abstain from voting on such resolution.

- ⤴ All the material Related Party Transactions shall require approval of the Board and Shareholders through Special Resolution and the Related Party / ies shall abstain from voting on such resolution.

Provided that 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.

#### **6. 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.

#### **7. Disclosures**

- ⤴ Every Related Party Transaction with proper justification shall be disclosed in the Directors' Report.
- ⤴ Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- ⤴ The Company shall disclose policy on dealing with Related Party Transactions on its website and also in 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 Companies Act, 2013 and rules framed thereunder and the requirements of the Clause 49 of the Listing Agreement with Stock exchanges as on 1<sup>st</sup> October, 2014.

In case of any subsequent changes in the provisions of the Companies Act, 2013, Clause 49 of the Listing Agreement with Stock Exchanges 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.