



RELATED  
PARTY  
TRANSACTION  
POLICY

Version 2.0

[Effective 1<sup>st</sup> April, 2022 as approved by the Board of Directors on 26<sup>th</sup> March, 2022]

## **POLICY ON RELATED PARTY TRANSACTIONS:**

### **1. Preamble:**

The Board of Directors (the “Board”) of Acrysil Limited (the “Company” or “Acrysil”), 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 will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

In the event of any provisions in this policy being contrary or different from the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI LODR’) and the Companies Act, 2013 (‘the Act’), as applicable on the date of such transactions, the respective provisions of SEBI LODR and the Act shall prevail.

### **2. Purpose:**

This Policy is framed in accordance with SEBI (LODR) Regulations, 2015 (as amended from time to time) and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

### **3. Definitions:**

- a) **“Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted from time to time under SEBI (LODR), 2015 and Section 177 of the Companies Act, 2013.
- b) **“Board”** means Board of Directors of the Company.
- c) **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and Section 2(27) of the Companies Act, 2013.
- d) **“Key Managerial Personnel”** means key managerial personnel as defined under Section 2(51) of the Companies Act, 2013 and includes:
  - (i) Managing Director, or Chief Executive Officer or manager
  - (ii) Whole-Time Director;

- (iii) Company Secretary;
- (iv) Chief Financial Officer; and
- (v) Such other officer as may be prescribed.

e) **“Material Related Party Transaction”** means a transaction with a Related party if the transaction / transactions 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.

f) **“Policy”** means Related Party Transaction Policy.

g) **“Related Party”** means Related party as defined under Sub-section (76) of Section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that:

- a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- b) any person or any entity, holding equity shares:
  - i. of twenty per cent or more; or
  - ii. of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party:

h) **“related party transaction”** means a transaction involving a transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) **a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;**

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - i. payment of dividend;
  - ii. subdivision or consolidation of securities;
  - iii. issuance of securities by way of a rights issue or a bonus issue; and
  - iv. buy-back of securities.
- (c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board.

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s).

- i) **“Material Related Party Transactions”** means the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, **exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover** of the listed entity as per the **last audited financial statements of the listed entity, whichever is lower**.

Notwithstanding the above, 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 listed entity as per the last audited financial statements of the listed entity.

- j) **“Relative”** means a Relative as defined under Section 2(77) of the Companies Act, 2013 and includes anyone who is Related to another, if —
  - i. They are members of a Hindu undivided family;
  - ii. They are husband and wife; or
  - iii. Father (including step-father)
  - iv. Mother (including step-mother)
  - v. Son (including step-son)
  - vi. Son’s wife
  - vii. Daughter
  - viii. Daughter's husband
  - ix. Brother (including step-brother)
  - x. Sister (including step-sister)

#### **4. Policy:**

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

##### **4.1. Material subsidiary**

A subsidiary will be treated as material subsidiary whose income or net worth exceeds ten per cent of the consolidated income or net worth respectively of the Company and its subsidiaries in the immediately preceding financial year.

Company shall not dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting, except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/ Tribunal.

Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of members by way of special resolution, unless the sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/ Tribunal.

At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation - For the purposes, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.]

##### **4.2. Approval for Related Party Transactions**

All related party transactions and subsequent material modifications shall require prior approval of the Audit Committee.

4.2.1 Material Modifications means “if the value of related party transactions as approved by the Audit Committee is modified resulting in an upside revision of 10% of the originally approved value, the same will be considered a material modification”.

4.2.2 A related party transaction to which the subsidiary of a listed entity is a party, but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered

into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;

- 4.2.3. With effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party, but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;
- 4.2.4. Prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (4.2.4) above, the prior approval of the audit committee of the listed subsidiary shall suffice.

Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

The Audit committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the listed entity subject to the following conditions, namely-

- (a) the transactions which are repetitive in nature;
- (b) the Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;
- (c) Such omnibus approval shall specify:
- i. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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
  - iv. if the need for related party transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

- (d) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.
- (e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- (f) Where Board consent is required, the agenda of the Board meeting at which the resolution is proposed to be moved shall disclose all such details/ information about the contract as are prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014.
- (g) Where Related Party Transactions require approval of the Board, any director who is interested in any contract or arrangement with a related party, shall not be present at the meeting during discussions on the subject-matter of the resolution relating to such contract or arrangement.

### **4.3. Approval for Material Related Party Transactions**

All material related party transactions and subsequent material modifications shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.]

Shareholders' approval will not be required for

- (a) transactions entered into between a holding 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.
- (b) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

In the event any Material Related Party Transaction is not in the ordinary course of business or at an arm's length, the Company shall comply with the provisions of the Act

and the Rules framed thereunder and obtain approval of the Board or its Members, as applicable, for such contract or arrangement.

Where Members' approval is required for a related party transaction, the explanatory statement to be annexed to the notice of such general meeting, shall disclose all such details / information about the contract as are prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014.

Where RPTs require approval of the Board and the Members, the Board Members who is a related party shall abstain from voting on such resolution.

**Related Party Transactions not approved under this Policy:**

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

**Disclosures**

The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified under the SEBI LODR from time to time, and publish the same on its website.

Provided further that the Company shall make such disclosures every six months within fifteen days from the date of publication of its standalone and consolidated financial results.

Provided further that the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023.

This Policy shall be disclosed on the website of the Company [www.acrysilcorporateinfo.com](http://www.acrysilcorporateinfo.com) and a web link thereto shall be provided in the Annual Report of the Company.

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