

# PRADIP OVERSEAS LIMITED

## **POLICT ON MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS**

### **TITLE:**

This Policy shall be called 'Policy on materiality of Related Party Transactions and dealing with Related Party Transactions'.

### **OBJECTIVE:**

Related Party Transactions have been one of the major areas of focus for the corporate governance reforms being initiated by Indian legislature.

The changes introduced in the Corporate Governance norms through the Companies Act, 2013 and the revised clause 49 of the listing agreement require the companies to have enhance transparency and due process for approval of the Related Party Transactions.

One such requirement is that the companies are required to formulate a policy on materiality of Related Party Transactions and also on dealing with related Party

Transactions.

#### DEFINITIONS:

“Policy” means this Policy, as amended from time to time.

“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.

”Audit Committee” means the audit committee constituted by the Board of Directors of the Company in accordance with applicable law, including the listing agreement and the Companies Act, 2013.

“Board” means the Board of Directors of Pradip overseas Limited.

“Company” means Pradip Overseas Limited.

“Related Party 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.

"Material Related Party Transaction" means a transaction with a Related Party where the transaction/ transactions to be entered into individually or taken together with previous transactions with a Related Part during a financial year, exceeds ten percent of the consolidated annual turnover of the Company as per the last audited financial statements of the Company.

"Related Party" means an entity which

- a) is a related parts' under Section 2(76) of the Companies Act, 2013 and the rules framed there under;
- b) is a related party under the applicable accounting standards.

APPROVAL OF RELATED PARTY TRANSACTIONS:

All Related Party Transactions shall require 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 following conditions contained in clause 49 of the Listing Agreement as amended from time to time:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party' Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- c. 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.

