

DIAMOND POWER INFRASTRUCTURE LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

I. INTRODUCTION

The Board of Directors of Diamond Power Infrastructure Limited (DPIL) (hereinafter referred to as 'the Board') has adopted this Policy on Related Party Transactions as required under Clause 49 of the Listing Agreement entered with Stock Exchanges where the Company's equity shares are listed.

The policy envisages the procedure governing Related Party Transactions required to be followed by the Company to ensure compliance with applicable the Law and Regulation.

II. DEFINITIONS

1. **"Related Party"** means a party which is defined under the provisions of Section 2(76) of the Companies Act, 2013 and rules thereof and under Clause 49 of the Listing Agreement.

The definition of 'Related Party' as given under Section 2(76) is as under:

"Related Party", with reference to a company, means—

- 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 or his relative is a member or director;
- v. a public company in which a director or manager is a director and holds along with his relatives, more than two per cent. of its paid-up share capital;
- vi. anybody 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 sub-clauses (vi) and (vii) 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. a director other than an Independent Director or key managerial personnel of the holding company or his relative

The definition of 'Related Party' as given under Clause 49 of the Listing Agreement is as under:

An entity shall be considered as related to the Company if:

- i. such entity is a related party under Section 2(76) of the Companies Act, 2013; or
 - ii. such entity is a related party under the applicable accounting standards."
2. **"Relative"** as defined under the Companies Act, 2013, means a person who is related to another in any one of the following manner:
 - i. They are members of a Hindu undivided family; or
 - 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' husband
 - ix. Brother (including step-brother)
 - x. Sister (including step-sister)
3. **"Related Party Transaction"** as defined under the Companies Act, 2013, and Clause 49 of the Listing Agreement means the following transaction or contract or arrangement:
 - a) sale, purchase or supply of any goods or materials;
 - b) selling or otherwise disposing of, or buying, property of any kind;
 - c) leasing of property of any kind;
 - d) availing or rendering of any services;
 - e) appointment of any agent for purchase or sale of goods, materials, services or property;
 - f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
 - g) underwriting the subscription of any securities or derivatives thereof, of the company
 - h) any transaction for transfer of resources, services or obligations between a Company and Related Party, regardless of whether a price is charged.
4. **"Material Related Party Transactions"** as defined under the Clause 49 of the Listing Agreement, means any transaction / transactions to be entered into with the related party, individually or taken together with previous transactions during Financial Year exceeds 10 % of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

5. “ **arm’s length transaction**” as defined under Section 188 (1) of the Companies Act, 2013, shall mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities Contract Regulation Act or any other applicable law or regulation as applicable to the Company.

III. PROCEDURE

1. Disclosure by Directors / Key Managerial Personnel (KMP)

Every Director / KMP of the Company shall at the beginning of the financial year provide information about his / her (including relatives) nature of interest or concern as prescribed under the Companies Act, 2013, to the Company. Thereafter, any changes therein need to be informed to the Company promptly.

2. Identification of transactions with Related Parties

The Company Secretary / Chief Financial Officer will circulate list of identified Related Parties to the concerned employees which may include Head of Business Units, Head of Functional Departments etc. The concerned employees shall submit details of proposed transaction(s) to the Company Secretary / Chief Financial Officer.

The Company Secretary will place the details of proposed transaction before the Audit Committee.

3. Information to be placed before the Audit Committee and Board of Directors

- a) the name of the related party and nature of relationship;
- b) the nature, duration and particulars of the transaction or contract or arrangement;
- c) the material terms of the transaction or contract or arrangement including the value, if any;
- d) any advance paid or received for the contract or arrangement, if any;
- e) the manner of determining the pricing and other commercial terms;
- f) whether all factors relevant to the transaction have been considered, if not, the details of factors not considered with the rationale for not considering those factors;
- g) evaluation certificate on ascertainment of arm’s length basis from outside consultant if any and
- h) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

4. Review and approval of Related Party Transactions

A. Audit Committee

Prior approval of Audit Committee is required for all Related Party Transactions. The Audit Committee shall consider following factors while deliberating Related Party Transactions for its approval:

- a) Whether proposed Related Party Transaction is in ordinary course of business;
- b) Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- c) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- d) The materiality of the Related Party Transaction;
- e) any other factor which Audit Committee deems relevant

Based on the above factors, the Audit Committee will approve or disapprove the Related Party Transaction and thereafter will inform its decision to the Board of Directors.

B. Board of Directors

- I. If the Audit Committee determines, the proposed Related Party Transaction is in ordinary course of business and on arm's length basis, the Board shall consider following factors while deliberating Related Party Transactions for its approval:

- a) Review of factors considered by the Audit Committee for its approval to the proposed Related Party Transaction
- b) any other factor which Board deems relevant

Based on the above factors, Board will approve or disapprove the Related Party Transaction.

- II. If the Audit Committee determines, the proposed Related Party Transaction is not in ordinary course of business and / or not on arm's length basis, the Board shall consider following factors while deliberating Related Party Transactions for its approval:

- a) Whether proposed Related Party Transaction is within threshold as specified under Point no. III (4) (c) of this Policy.

- b) Justification for entering into proposed Related Party Transaction
- c) any other factor which Board deems relevant

Based on the above factors, the Board will approve or disapprove the Related Party Transaction.

C. Shareholders

a) Companies Act, 2013 and rules thereof:

In case of following type of Related Party Transactions which are not in ordinary course of business and not on arm's length basis and which also exceeds threshold as given under will require the approval of shareholders by a special resolution:

Sr. No.	Category of Transaction	Threshold
1	Sale, purchase or supply of any goods or materials	10% of turnover or Rs. 100 crore, whichever is lower
2	Selling or otherwise disposing of, or buying, property of any kind	10% of net worth or Rs. 100 crore, whichever is lower
3	Leasing of property of any kind	10% of net worth or 10% of turnover or Rs. 100 crore, whichever is lower
4	Availing or rendering of any services	10% of turnover or Rs 50 crore, whichever is lower
5	Such Related Party's appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding Rs 2.5 lakh
6	Underwriting the subscription of any securities or derivatives thereof, of the Company	1% of net worth

(The Turnover or Net Worth referred above shall be computed on the basis of Audited Financial Statements of the preceding Financial Year)

b) Clause 49 of the Listing Agreement:

All Material Related Party Transactions will require the approval of shareholders by special resolution.

5. Related Party Transactions which are 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 Audit Committee. The Audit 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.

In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

6. Related Party Transactions of ongoing nature

If Related Party Transaction is of an ongoing nature, the Audit Committee and/or the Board of Directors shall periodically review and assess the ongoing relationship with Related Party and terms of transactions to see that they are in compliance with this Policy. Any amendment, renewal or extension of transaction or arrangement or relationship previously reviewed under this Policy shall also be subject to subsequent review under this Policy.

7. Interested Director / KMP / Shareholder not to participate

- a. The Interested Director / KMP shall disclose the nature of his concern or interest at the meeting of the Board in which the Related Party Transaction is discussed and shall not participate in such meeting.
- b. No member of the Company shall vote on the special resolution, to approve any Related Party Transaction which may be entered into by the Company, if such member is a Related Party.

III. DISCLOSURE

- a) Every Related Party Transaction entered into which is not in the ordinary course of business and/ or not on an arm's length basis, shall be disclosed in the Board's Report along with the justification for entering into such transaction.
- b) All Material Related Party Transactions shall be disclosed quarterly along with Compliance Report on Corporate Governance.

IV. CONSEQUENCES OF CONTRAVENTION

Any director or any other employee of a Company, who had entered into or authorized the Related Party Transaction, in violation of the provisions of this Policy, shall be liable to punishments as prescribed under provisions of Companies Act, 2013, including rules thereof and under the provisions of the Listing Agreement.

V. AMENDMENT

The Board reserves its right to amend or modify this Policy in whole or in part, at any time, when it deems appropriate, in accordance with any amendment to the applicable provisions of Companies Act, 2013, including rules thereof and / or the provisions of the Listing Agreement.

In case of any subsequent changes in the provisions of the Companies Act, 2013, or any other regulations, which makes any of the provisions in the Policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

For Diamond Power Infrastructure Limited

Managing Director

Date: