

## **PAGE INDUSTRIES LIMITED**

### **RELATED PARTY TRANSACTIONS POLICY**

*Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015*

Version 1: Board approved and effective from 1<sup>st</sup> October 2014

Version 2: Proposed before the Board for approval effective from 14<sup>th</sup> Nov 2018

#### **1. SCOPE AND PURPOSE OF THE POLICY**

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulation 23"), Page Industries Limited (Company) has formulated guidelines for identification of related parties, materiality of related party transactions and the proper conduct of all such transactions.

In the line with the above, the Company has framed this Policy on Related Party Transactions ("Policy"), which has been reviewed, approved and adopted by the Board of Directors at their meeting held on 14<sup>th</sup> Nov 2018. At regular intervals, on need basis, the Policy will be reviewed and amended, if required.

#### **2. OBJECTIVE**

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

This Policy is to set out (a) the materiality thresholds for related party transactions and (b) the manner of dealing with the transactions between the Company and its related parties in compliance with applicable provisions.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

#### **3. DEFINITIONS**

##### **3.1. 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.

### **3.2. Key Managerial Personnel**

In relation to a company means:

- the Chief Executive Officer (CEO) and /or the Managing Director (MD) or the Manager;
- the Whole- time Director (WTD);
- the Chief Financial Officer (CFO);
- the Company Secretary (CS);and
- Such other officer as prescribed under the Companies Act from time to time.

### **3.3. Net Worth - Section 2(57)**

The aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of Profit and Loss Account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the latest audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

### **3.4. Ordinary Course of Business**

Ordinary course of business shall include the usual transactions, customs and practices of the company, or transactions permitted by the Object Clause in the Memorandum of Association of the Company, or transactions that are considered while computing the business income / revenue / turnover of the Company as opposed to "income from other sources".

### **3.5. Regulation 23**

means the Regulation no. 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

### **3.6. Relative**

with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder.

### **3.7. Related Party**

has the meaning as defined in Section 2(76) of Companies Act, 2013 and Regulation 2(1)(zb) of the Securities and Exchange Board Of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **3.8. Related Party Transaction**

has the meaning as defined under Regulation 2(1)(zc) of the Securities and Exchange Board Of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as means transfer of resources, services or obligations between a listed entity and a related party, regardless of whether 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, including but not limited to the following –

- 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. appointment to any office or place of profit in the company
- g. underwriting the subscription of any securities or derivatives thereof, of the company

### **3.9. Material Related Party Transactions (Materiality Thresholds)**

#### **3.9.1.Regulation 23**

A Related Party Transaction shall be considered Material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited Financial Statements of the Company.

#### **3.9.2. Section 188 of the Act**

	<b>Transaction(s) or contract or arrangements for</b>	<b>Limits as per Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014]</b>
1	Sale, purchases or supply of any goods or materials, services or property, directly or through appointment of agent	Whichever is lower (i) exceeding 10% of the Annual Turnover of the company ; or (ii) Rs.100 Crore
2	Selling or otherwise disposing of, or buying services or property of any kind, directly or through appointment of agent	Whichever is lower (i) exceeding 10% of the Net Worth of the company; or (ii) Rs.100 Crore
3	Leasing of property of any kind	Whichever is lower i. exceeding 10% of the Net Worth of the company ; or ii. 10% of the Annual Turnover of the company; or iii. Rs.100 Crore
4	Availing or rendering of any services, directly or through appointment of agent	Whichever is lower (i) exceeding 10% of Annual Turnover of the Company; or (ii) Rs.50 Crore
5	For appointment to any office or place of profit in the Company, its Subsidiary or Associate Company	Where monthly remuneration exceeds Rs.2,50,000
6	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company	For amount exceeding 1% of Net Worth of the Company

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.

#### **4. IDENTIFICATION OF RELATED PARTY TRANSACTIONS**

Every Director and Key Managerial Personnel will be responsible for providing a declaration in the format as per Annexure 1 (MBP-1) containing the following information to the Company on an annual basis

Every Director and the Key Managerial Personnel will also be responsible to update the Company of any changes in the above relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes.

#### **5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS**

##### **5.1. Audit Committee:**

Each Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolutions by circulation or through electronic mode. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the Company which are repetitive in nature and are in the ordinary course of business and on at Arm's Length basis, subject to compliance of the conditions contained in the regulation.

Any member of the Committee who has an interest directly or indirectly in any Related Party Transaction shall not be present at the meeting during the discussions on the matters of the resolution relating to 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 and/or prescribed under the Act and Rules thereunder, and the Regulation 23.

##### **5.2. Consideration by the Committee in approving the proposed transactions**

While considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

Prior to the approval, the Committee shall, *inter-alia*, consider the following factors to the extent relevant to the transaction:

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;

- c. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.

While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall consider events like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, etc., before granting its approval.

### **5.3. Omnibus approval by the Committee**

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval / omnibus approval. While granting the approval the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:

- a. Name of the related party;
- b. Nature of the transaction;
- c. Period of the transaction;
- d. Key terms (such as price and other commercial terms contemplated under the arrangement) of the proposed transaction;
- e. Maximum amount of the transactions that can be entered into;
- f. Indicative base price / current contracted price and formula for variation in price, if any; and
- g. Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee.

Further, where the need of the related party transaction cannot be foreseen, and all prescribed details are not available, the Committee may grant omnibus approval subject to the value per transaction not exceeding Rs.1,00,00,000/- (Rupees One Crore only). The details of such transaction shall be reported at the next meeting of the Audit Committee for its review and ratification.

Further, the Committee shall on an annual basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

The maximum value of the transactions, in aggregate, which can be allowed under omnibus route in a year will be 5% of the annual consolidated turnover of the company as per last its audited financial statements.

The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold as defined in Clause 3.9 of the Policy.

Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:

- a. Transactions which are not at arm's length or not in the ordinary course of business;
- b. Transactions which are not repetitive in nature;
- c. Transactions exceeding materiality thresholds as laid down in Clause 3.9 of the Policy;
- d. Transactions in respect of selling or disposing of the undertaking of the company;
- e. Financial Transactions eg. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties; and
- f. Any other transaction the Audit Committee may deem not fit for omnibus approval.

#### **5.4. Approval of the Board of Directors of the Company**

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, will be placed before the Board for its approval. In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- a. Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- b. Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for its consideration;
- c. Transactions which are in the ordinary course of business and at arm's length basis, but which, as per Audit Committee, requires Board approval; and
- d. Transactions meeting the materiality thresholds laid down in Clause 3.9 of the Policy, which are intended to be placed before the shareholders for approval

## **5.5. Approval of Related Party Transactions by Shareholders**

All the transactions with related parties exceeding the materiality thresholds, laid down in Clause 3.9 of the Policy, will be placed before the shareholders for approval. For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

## **6. RPT NOT APPROVED UNDER THIS POLICY**

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all 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 Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the Board, if the transaction value is within material threshold limit set-out in Clause 3.9 of this Policy or seeking the approval of the shareholders, if the said threshold limit is breached, payment of compensation by the defaulting person (as may be decided by the Audit Committee) to the related party or the Company as the case may be, etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

## **7. DISCLOSURES**

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transaction.

In addition to the above, the Company shall also provide details of all related party transactions exceeding the materiality threshold (laid down in Clause 5 of the Policy above) on a quarterly basis to the stock exchanges.

**ANNEXURE-1**  
**FORM MBP - 1**  
**Notice of interest by director**  
[Pursuant to section 184 (1) and rule 9(1)]

To

The Board of Directors  
Page Industries Limited  
Bangalore

Dear Sir(s)

I, -----, Son/daughter/Wife of -----, resident -----, being a Director/Key Management Personnel/Relative in the company hereby give notice of my interest or concern in the following company or companies, bodies corporate, firms or other association of individuals:-

**1. Director/Member in Public Companies including relatives:**

Sl. No.	Name of the Company	Nature of interest or concern / Change in interest or concern	No of shares held	% of Paid Up capital	Date on which interest or concern arose / changed

**2. The Following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions;**

Sl. No.	Name of the Body Corporate

**3. I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity).**

Sr. No.	Name of the person	Relation

**4. Member/Chairman of the Committees of the following Companies:**

Sl. No.	Name of the Company	Member /Chairman

**5. Director/Member in Private Companies including relatives:**

Sl. No.	Name of the Company	Nature of interest or concern / Change in interest or concern	No of shares held	% of Paid Up capital

**6. Director/Member in Companies incorporated outside India:**

Sl. No.	Name of the Company	Nature of interest or concern / Change in interest or concern	No of shares held	% of Paid Up capital

**7. Proprietary concern in which I am the Owner:**

Sl No	Name of the Concern

**8. Partnership firms in which I or my relatives are partners:**

Sl. No.	Name of the Firm	Nature of interest or concern / Change in interest or concern	% of holding

**9. List of Relatives**

- a. HUF in which I or my relatives are Karta/Member:
- b. Husband:
- c. Father:
- d. Mother:
- e. Son:
- f. Son's wife:
- g. Daughter:
- h. Daughter's husband:
- i. Brother:
- j. Sister:

Place:

Date:

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Signature