



AUTOCAL SOLUTIONS PVT. LTD.
POLICY ON RELATED PARTY TRANSACTIONS

Policy No.: CM/P-03
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1) PREAMBLE

The Companies Act, 2013 ("Act") and Equity Listing Agreement have stipulated various conditions to be fulfilled in case of Related Party Transactions.

Policy on Related Party Transactions ("Policy") has been formulated in line with the requirements of Companies Act, 2013.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions. The Policy includes the materiality threshold and the manner of dealing with Related Party Transactions ("Policy") in compliance with the requirements of Section 188 of the Companies Act, 2013.

The Board of Directors (the "Board") of Autocal Solutions Pvt. Ltd. (the "Company") has adopted this Policy upon the recommendation of the Audit Committee. Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

2) APPLICABILITY

This policy shall be applicable to all Related Party Transactions.

3) 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.

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 and regulatory provisions in this regard.

4) DEFINITIONS

- a) **"Associate Company"**, in relation to another company, means a company in which ASPL has a significant influence and includes the joint venture companies of ASPL.

Explanation.—"significant influence" means control of at least twenty percent of total share capital, or of business decisions under an agreement. Total Share Capital means the aggregate of the paid-up Equity Share capital and Convertible Preference Share capital.

- b) **"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.
- c) **"Audit Committee or Committee"** means the Committee of the Board constituted from time to time under the provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.
- d) **"Board"** means the Board of Directors as defined under the Companies Act, 2013.
- e) **"Control"** includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner, provided that a director or officer of the company shall not be considered to be in control over such company, merely by virtue of holding such position;



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- f) **“Key Managérial Personnel”** means Key Managerial Personnel as defined under the Companies Act, 2013.
- g) **“Material Related Party Transaction”** means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds such limits as may be prescribed either in the Companies Act, 2013 or the Listing Agreement, whichever is stricter, from time to time.
- h) **“Office or place of profit”** means any office or place—
- (i) where such office or place is held by a director, if the director holding it, receives from ASPL anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
 - (ii) where such office or place is held by an individual other than a director or by any firm, private Company or other body corporate, if the individual, firm, private Company or body corporate holding it, receives from ASPL anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.
- i) **“Related Party”** means related party as defined under the Companies Act, 2013.
- j) **“Related Party Transaction”** means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged and includes –
- (i) Sale, purchase or supply of any goods or materials;
 - (ii) Selling or otherwise disposing of, or buying property of any kind;
 - (iii) Leasing of property of any kind;
 - (iv) Availing or rendering of any services;
 - (v) Appointment of any agent for the purchase or sale of goods, materials, services, or property;
 - (vi) Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
 - (vii) Underwriting the subscription of any securities or derivatives thereof, of the Company;
- (The above is an indicative list and not an exhaustive one).
- k) **“Relative”** means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner –
- (i) Members of a Hindu undivided family;
 - (ii) Husband or wife;
 - (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); or
 - (x) Sister (including step-sister).
- l) **“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions during the financial year.
- m) **The terms Director, Chief Financial Officer, Company Secretary,** shall have the same meaning as assigned under the Companies Act, 2013.



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5) REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

All Related Party Transactions which are entered into in ordinary course of business at Arm's Length basis with effect from 01.10.2014 shall be subject to the approval of the Audit Committee in accordance with this Policy. The approval of the Audit Committee can be granted by way of circulation also.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Audit Committee may ratify the transactions in accordance with this Policy.

Concerned EDs are responsible for placing an agenda before the Audit Committee and/ or Board of Directors of all Related Party Transaction(s) requiring approvals (including omnibus approval or ratification) in accordance with this policy:

Concerned EDs are also be responsible to place the agenda for review of the Audit Committee on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval obtained under Point 5.1.2 of this Policy.

After the approval of the Audit Committee and Board, the Company Secretary shall place the agenda to the shareholders for approval, if required.

5.1.0 APPROVAL OF THE AUDIT COMMITTEE- MECHANISM

5.1.1 DETAILS TO BE PROVIDED TO AUDIT COMMITTEE

The following details/information shall be provided to the Audit Committee for entering into Related Party Transaction(s):

- a) The name of the related party and nature of relationship;
- b) The nature, duration of the contract and particulars of the contract or arrangement;
- c) The material terms of the 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, both included as part of contract and not considered as part of the contract;
- f) Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- g) Any other information relevant or important for the Audit Committee / Board to take a decision on the proposed transaction.

5.1.2 OMNIBUS APPROVAL

Audit Committee may grant the omnibus approval for Related Party Transactions subject to the following conditions:

- a) Transactions are frequent/ regular/ repetitive in nature and are in the normal course of business of the Company.
- b) Audit Committee shall satisfy itself the need for such omnibus approval in the best interest of the Company.
- c) 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 for variation in the price, if any, and



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- (iii) Such other conditions as the Audit Committee may deem fit. Provided that where 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 Rs.1.00 crore per transaction.
- d) Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to omnibus approval given.
- e) The omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year from the date of approval.

5.1.3 CONSIDERATION BY THE AUDIT COMMITTEE

While approving, the Audit Committee may, inter-alia, consider the following factors:

- a) 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;
 - b) 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, at the time of entering into the transaction;
 - c) Business reasons for the Company to enter into the Related Party Transaction;
 - d) Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director.
 - e) Any other matter the Audit Committee deems relevant.
- 5.1.4 Director or KMP shall not participate in any discussion or approval of a Related Party Transaction or which he or she is a Related Party, except that the Director / KMP shall provide all material information concerning the Related Party Transaction to the Audit Committee;

5.2.0 APPROVAL OF THE BOARD AND SHAREHOLDERS - MECHANISM

5.2.1 BOARD OF DIRECTORS

All cases where the Related Party Transactions are not in the ordinary course of business and/or are not on arm's length basis but within the prescribed limits as per the Companies (Meetings of Board & its Powers) Rules, 2014, shall be brought before the Board of Directors for approval through Board Level Audit Committee.

All (a) Related Party Transactions that are beyond the prescribed limits as per Companies (Meetings of Board & its Powers) Rules, 2014 and being not in the ordinary course of business of the company and/ or not on an arm's length basis,

(b) Material Related Party Transactions, requiring the approval of the shareholders, shall also need to be approved by the Board for placing before shareholders.

Such approval of Board may be obtained at a duly convened meeting.

5.2.2 SHAREHOLDERS

All (a) Related Party Transactions that are beyond the prescribed limits as per Companies (Meetings of Board & its Powers) Rules, 2014 and being not in the ordinary course of business of the company and/ or not on an arm's length basis, (b) Material Related Party Transactions, shall require approval of shareholders through special resolution (after due approval by the Board).



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No member of the Company shall vote on special resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party for such contract or arrangement.

5.2.3 UNDER THE LISTING AGREEMENT

All Material Related Party Transactions requires the approval of the shareholders, by way of special resolution. However, the same shall be put up to the Board for its approval at its meeting before the approval of shareholders.

Exemption:

- (i) 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.

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.

5.3 DETAILS TO BE PROVIDED TO THE BOARD AND SHAREHOLDERS

The following information shall be provided to the Board for approval of Related Party Transaction(s) –

- a) the name of the related party and nature of relationship;
- b) the nature, duration of the contract and particulars of the contract or arrangement;
- c) the material terms of the 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, both included as part of contract and not considered as part of the contract;
- f) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- g) any other information relevant or important for the Board to take a decision on the proposed transaction.

The following information shall be provided to the Shareholders for approval of Related Party Transaction(s) –

- a) Name of the related party;
- b) Name of the Director or KMP who is related, if any;
- c) Nature of relationship;
- d) Nature, material terms, monetary value and particulars of the contract or arrangement;
- e) Any other information relevant or important for the members to take a decision on the proposed resolution.

5.4 SUMMARY OF THE APPROVAL MECHANISM UNDER REVISED CLAUSE 49 AND THE COMPANIES ACT, 2013:

Details of Transaction(s)	Approving Authority
All Related Party Transactions which are entered into in ordinary course of business and at Arm's Length basis and any subsequent modification	Audit Committee



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Details of Transaction(s)	Approving Authority
RPTs at 5.2.1 above which are not in Ordinary Course of Business or not on arm's length basis or both (less than threshold limits)	Approval and recommendation by Audit Committee to the Board and Approval by the Board.
RPTs at 5.2.2 above which are in not in Ordinary Course of Business or not on arm's length basis or both (beyond threshold limits)	Approval and recommendation by Audit Committee to the Board; Approval and recommendation by the Board to Shareholders and Approval by the Shareholders, by way of special resolution
Material RPTs at 5.2.3 above	

5.4.1 RATIFICATION OF RELATED PARTY TRANSACTIONS

- a) If prior approval of the Audit Committee/Board/Shareholders for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee/Board/Shareholders, if required, within 3 (three) months of entering in the Related Party Transaction.
- b) In case Related Party Transaction is not ratified within the specified period, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any Director, or is authorized by any other Director, the Directors concerned shall indemnify the company against any loss incurred by it.
- c) In any case where either the Audit Committee/Board/Shareholders determines not to ratify a Related Party Transaction that has been commenced without approval, may direct additional actions including, but not limited to, immediate discontinuation of the transactions, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee/Board/ Shareholders has authority to modify or waive any procedural requirements of this Policy in the best interest of the Company.

6. PRE-REQUISITES FOR ASCERTAINING RELATED PARTY

The following details shall be required:

- a) Declaration/Disclosure of interest by all the Directors and KMPs' in form MBP-1.
- b) Declaration of relatives by all Directors and KMPs'.
- c) Declaration about a firm in which a Director and KMP or his relative is a partner.
- d) Declaration about a private Company in which a Director and KMP or his relative is a member or director.
- e) Declaration regarding a public company in which a Director and KMP is a Director and holds along with the relatives more than 2% of the paid-up share capital.
- f) Declaration that the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions of the Director / KMP.
- g) Declaration about the person on whose advice, directions or instructions, the Director / KMP accustomed to act persons (other than advice, directions or instructions obtained in professional capacity).
- h) Any Company which is—
 - (i) a subsidiary or an associate Company of the ASPL; or
 - (ii) a subsidiary of a subsidiary of ASPL;



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7. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

The Company Secretary shall at all times maintain a database/ Register of the various Related Parties, arrived at after taking into account the information as contained in Clause 6.0 and the definition set forth in Clause 4.0. The database/ Register shall mention the details required as per the Act and any amendment thereof.

The Related Party List shall be updated whenever necessary and shall be reviewed at least once a year, as on 1st April every year.

Company Secretary shall after collating the information as above circulate the same to all Whole Time Directors and Executive Directors,

The concerned Functional EDs shall arrange to nominate a nodal Officer at their location who shall ascertain whether any transaction in the concerned unit/department will be covered under the definition of RPT. Based on the report of the Nodal Officer, approval of the Competent Authority of the relevant RPT in accordance with the procedures set out in this policy will be obtained.

For the purpose of implementing the provisions under this Policy, the Board and the Audit Committee of Directors of the Company shall receive timely, full and sufficient information about the Transactions covered under this Policy. In determining, whether to approve or not a Related Party Transaction, the Board will take into account, among other factors, recommendations of the Audit Committee, whether the said Transaction is in the interest of the Company and its stakeholders and there is no actual or potential conflict of interests between the related parties.

8. DISCLOSURES

- a) The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.
- b) Every Contract or arrangement entered with Related Parties with the approval of Board / Shareholders in line with Section 188 of the Companies Act 2013 shall be referred in the Board's Report to the shareholders along with the justification for entering into such contract or arrangements.
- c) Details of all Material Related Party Transactions shall be disclosed quarterly along with the compliance report on corporate governance to be submitted to stock exchanges.
- d) Disclosure as prescribed under Accounting Standard.
- e) The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party requires approval of the Board.

9. SCOPE LIMITATION

In the event of any conflict between the provisions of this Policy and of the Listing Agreement / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Agreement / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

10. DISSEMINATION OF POLICY

This Policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the intra-net and website of the Company and web link thereto shall be provided in the annual report of the Company.

11. VIOLATION

Violation of the Policy/Provisions in any manner shall be dealt with in accordance with provisions of law and Company's prescribed rules if any.

