

AADI INDUSTRIES LIMITED

421, 4th Floor, Kailash Plaza, VallabhBaug Lane, Near R-Odeon Mall, Ghatkopar (East),
Mumbai – 400077.

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

Policy on Dealing With Related Party Transactions

TITLE

This policy shall be called RPT Policy on materiality 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 Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 require the companies to have enhanced transparency and due process for approval of the related party transactions.

Pursuant thereto, Section 188 of the Companies Act and Clause 49 of the Listing Agreement / Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 require the Company to formulate a policy on materiality of related party transactions and also on dealing with related party transactions.

DEFINITIONS

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.

Material related party transaction in relation to the Company means a related party transaction which individually or taken together with previous transactions with a related party during a financial year, exceeds ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company

Ordinary Course of Business with reference to a transaction with a related party means a transaction which is:

- Carried out in the normal course of business envisaged in accordance with the Memorandum of Association ("MOA") of the Company as amended from time to time;
- Historical practice with a pattern of frequency;
- Common commercial practice; or
- Meets any other parameters/criteria as decided by the Board/Audit Committee from time to time.

Policy means this policy, as amended from time-to-time.

Relative is any person who is related to another, if—

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to the other in the following manner, namely:

- a. Father (the term "Father" includes step-father)
- b. Mother (the term "Mother" includes the step-mother)
- c. Son (the term "Son" includes the step-son)

- d. Son's wife
- e. Daughter
- f. Daughter's husband
- g. Brother (the term "Brother" includes the step-brother)
- h. Sister (the term "Sister" includes the step-sister.)

Related Party in relation to the Company means a party related with the Company in any of the ways as are laid down in section 2(76) of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Related party transaction in relation to the Company means a transaction which is:

(a) a transfer of assets, resources, services or obligations between the Company and a related party 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 transaction in a contract;

(b) a contract or arrangement with a related party with respect to-

- (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 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; and
- (vii) underwriting the subscription of any securities or derivatives thereof, of the Company;

(c) defined as a "related party transaction" under the relevant provisions of the Companies Act, 2013 or the Listing Agreement or any other related law, regulation, standard, etc.

APPLICABILITY

This policy shall be applicable to all the related party transactions entered in to by the Company except the following:

- (a) Loans/advances given to a related party.
- (b) Guarantee given or security provided in connection with a loan to a related party.
- (c) investment(s) made in a related party.
- (d) Transfer/assignment of obligation under an existing contract/arrangement with a related party to some other person or related party.
- (e) Amendment of an existing contract/arrangement with a related party.
- (f) Cancellation of an existing contract/arrangement with a related party.
- (g) Transfer of resources assigned to one related party contract/arrangement to another related party contract/arrangement.

Provided that in case of (d), (e), (f) and (g) above, the transfer, amendment, cancellation,

etc., does not result in to writing off of any amount paid by the Company or enhancement of amount payable by the Company under the said contract/arrangement or reduction in the amount payable to the Company under the said contract/arrangement or waiver of any right with adverse financial implications for the Company.

APPROVAL OF RELATED PARTY TRANSACTIONS

(a) All related party transactions shall require prior approval of the Audit Committee. The approval of the Audit Committee can be granted by way of a circular resolution. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the provisions of Clause 49 of Listing Agreement / Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

(b) All material related party transactions shall require prior approval of the shareholders through resolution.

(c) In case of related party transaction which is not in the ordinary course of business or which is in the ordinary course of business but is not arm's length transaction, whether or not it is a material related party transaction, prior approval of the Board vide a resolution passed at the meeting of the Board shall be necessary.

(d) Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

(e) The related parties shall abstain from voting as shareholders in case of related party transactions which require the approval of shareholders.

(f) Transactions with related parties exceeding such sums, as prescribed under Section 188 of the Companies Act, 2013 read with relevant rules prescribed thereunder shall require prior approval of the shareholders.

PROCESS FOR DEALING WITH RELATED PARTY TRANSACTIONS

(a) A list of all the related parties in relation to the Company received from the Directors shall be updated from time-to-time.

(b) Basis the above-mentioned list of related parties, every department shall, prior to entering in to any contract or arrangement with a related party, ascertain whether the proposed contract or arrangement satisfies the approval mechanism prescribed under this Policy.

(c) The contract/arrangement shall not be entered in to without the necessary approval from the Audit Committee/Board/Shareholders, as the case may be. Compliance to this condition will strictly be adhered to by the concerned department proposing the underlying contract or arrangement.

For the purpose of procuring approval of the Audit Committee / the Board, the Management shall submit a comprehensive proposal for approval of the Related Party Transactions containing the following information:

1. Name of the related party and nature of relationship;
2. Nature, duration of the contract and particulars of the contract or arrangement;
3. Material terms of the contract or arrangement including the value, if any;
4. For transactions requiring omnibus approval:
 - I. Maximum amount of transaction that can be entered into during the financial year.
 - II. Indicative base price / current contracted price and the formula for variation in the price, if any.
5. Any advance paid or received for the contract or arrangement, if any;
6. In case of transactions not requiring Omnibus Approval, manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
7. 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
8. Confirmation from the Management.
9. Any other information relevant or important for the Board/Audit Committee to take a decision on the proposed transaction

In determining whether to approve a Related Party Transaction, the Committee shall inter-alia consider the following factors to the extent relevant in the matter:

- Whether the proposed transactions are in the best interest of the Company.
- Whether the terms of the proposed Related Party Transactions are fair and on arm's length basis
- Whether the proposed Related Party Transactions are permissible under the provisions of the applicable laws.
- Whether such contract or arrangement is entered into on terms no less favorable to the Company than terms generally available to an unaffiliated third-party under the same or similar circumstances;
- 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;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;

-Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company / extent of the Director or KMP's interest in such contract or arrangement.

DISCLOSURES & REPORTING

This Policy shall be disclosed on the website of the Company and a web link to the policy shall be provided in the Annual Report.

A summary statement of Related Party Transactions entered into by the Company shall be submitted to the Audit Committee in quarterly meetings for information, review and noting. Such submission to the Audit Committee shall be accompanied by a certification as per this Policy.

The details of Related Party Transactions shall be disclosed in the Annual report of the Company, the Stock Exchanges and other regulatory bodies as per the provisions of Indian Accounting Standards, the Act, SEBI LODR or any other applicable laws and regulations.

AMENDMENTS

The Board of directors shall have the power to amend any of the provisions of this policy, substitute any of the provisions with a new provision or replace this policy entirely with a new policy.

INTERPRETATION

(a) Any words used in this policy but not defined herein shall have the same meaning prescribed to it in the Companies Act, 2013 or rules made thereunder, SEBI Act or rules and regulations made thereunder, listing agreement, Accounting Standards or any other relevant legislation/law applicable to the Company.

(b) The reference to the Masculine gender in the policy shall be deemed to include a reference to Feminine gender.

(c) In case of any dispute or difference upon the meaning/interpretation of any word or provision in this policy, the same shall be referred to the Audit Committee and the decision of the audit committee in such a case shall be final. In interpreting such term/provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.