

**THE POLICY ON RELATED PARTY TRANSACTIONS  
OF  
SHRI DINESH MILLS LTD., PADRA ROAD, VADODARA – 390 020**

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**1. Preamble:**

Shri Dinesh Mills Ltd. (“the Company”) has always been Committed to good Corporate Governance practices. As a matter of practice, the Company follows arm’s length basis in transacting business with its related parties which are in the ordinary course of business.

The Board of Directors have adopted this policy upon recommendation of the Audit Committee. The said policy includes materiality thresholds and the matter of dealing with the Related Party Transactions (“the policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013, rules made thereunder and Clause 49 of the Listing Agreement with the Stock Exchange. Amendments, from time to time, to this policy, if any, shall be considered by the Board of Directors based on the recommendations of the Audit Committee.

This policy applies to transactions between the Company and one or more of its related parties. Such transactions are appropriate only if they are in the best interest of the Company and its Stakeholders.

**2. Objective:**

The Equity Listing Agreement with the Stock Exchange mandates formulation of a policy on materiality of Related Party Transactions and also on dealings with Related Party Transactions. This policy has been framed for complying with these requirements.

**3. Definitions:**

3.1 “Act” means Companies Act, 2013 and rules made thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

3.2 “Arms Length Basis” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determining Arm’s Length Basis, guidance may be taken from transfer pricing provisions under the Income Tax Act, 1961.

3.3 “Audit Committee” means committee of Board of Directors of the Company.

3.4 “Board of Directors” or “Board” means the Board of Directors of the Company.

3.5 “Company” means Shri Dinesh Mills Limited.

3.6 “Key Managerial Personnel” means the Key Managerial Personnel of the Company in terms of Companies Act, 2013 and rules made thereunder.

3.7 “Listing Agreement” means Equity Listing Agreement of the Company with the Stock Exchange.

- 3.8 “Material Related Party Transaction” means the transaction to be entered individually or taken together with previous transactions during a financial year, exceeds the limit as prescribed under the Companies Act, 2013, rules made thereunder read with Clause 49 of the Listing Agreement with Stock Exchange and amendments, if any thereto from time to time.
- 3.9 “Material Non Listed Indian Subsidiary” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital & free reserves) exceeds the limit as prescribed under the Companies Act, 2013, rules made thereunder read with Clause 49 of the Listing Agreement with Stock Exchange and amendments, if any thereto from time to time.
- 3.10 “Significant Transaction” or Arrangement with material unlisted subsidiary ” shall mean any individual transaction or arrangement that exceeds the limit as prescribed under the Companies Act, 2013, rules made thereunder read with Clause 49 of the Listing Agreement with Stock Exchange and amendments, if any thereto from time to time.
- 3.11 “Policy” means the current policy on related party transactions, including amendments, if any, from time to time.
- 3.12 “Related Party” means a related party as defined under the Companies Act, 2013 read with Clause 49 of the Listing Agreement and as amended from time to time.
- 3.13 “Related Party Transaction” means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether price is charged or not.
- 3.14 “Relative” means a relative as defined under the Companies Act, 2013.
- 3.15 “Transaction with a related party” shall be construed to include single transaction or group of transactions in a contract.

#### **4. Policy:**

All Related Party Transactions must be reported to the Audit Committee and approved or referred for approval by the Audit Committee to the Board based on this policy.

##### **4.1 Identification of Potential Related Party Transactions:**

- 4.1.1 Every subsidiary of the Company shall be considered as Related Parties.
- 4.1.2 Key Managerial Personnel and Connected Related Parties: Each Director and key Managerial Personnel shall at the beginning of financial year disclose to the Company Secretary of the Company, their related parties and disclose any changes thereto during the financial year immediately as practicable. The Company shall also identify Related Party Transactions, if any, with Directors or Key Managerial Personnel of the holding Company or their relatives.
- 4.1.3 The Company will identify the potential transactions with the Related Parties.

## **4.2 Review and approval of the Related Party Transactions:**

### **4.2.1 Audit Committee**

Every Related Party transaction shall be subject to the approval of the Audit Committee whether at a meeting or by Resolutions by circulation. However, the Audit Committee may grant prior omnibus approval for related party transactions which are repetitive in nature and are in the ordinary course of business and satisfy the Arm's Length basis, subject to the compliance of the requirements of the Companies Act, 2013, rule made thereunder read with Clause 49 of the Listing Agreement with Stock Exchange.

Any member of the Audit Committee who has a potential conflict or interest in any Related Party Transaction will not remain present at the meeting or shall abstain from discussion and voting on the approval of such Related Party Transaction and shall not be counted in determining the presence of quorum when such transaction is considered.

To review a Related Party Transaction, the Audit Committee shall be provided with necessary information, to the extent relevant, with respect to actual or potential Related Party Transaction and / or prescribed under the Act and the Listing Agreement with Stock Exchange.

While considering any related party transaction, the Audit Committee shall take into account all relevant facts and circumstances, including the terms and business purpose of such transaction, the benefits to the Company and to the related party, whether such transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed transaction and any other relevant matters.

## **5. Board of Directors:**

If the Audit Committee determines that a related party transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, the Board shall consider and approve the Related Party Transaction and the considerations set forth above under paragraph 4.2.1 shall apply to review and approval of the matter by the Board with such modifications as may be necessary or appropriate under the circumstances.

Any members of the Board who has potential conflict of interest in any related Party Transaction will not remain present at the meeting or shall abstain from discussion and voting on the approval of such Related Party Transaction and shall not be counted in determining the presence of quorum when such transaction is considered.

## **6. Shareholders:**

All the material Related Party Transactions shall require approval of the shareholders through Special Resolution and related parties shall abstain from voting on such resolutions.

All transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or not at arm's length basis shall also require the approval of shareholders through Special Resolution if so require, under any law and the Related party with whom transaction is to be entered into shall abstain from voting on such Resolution(s).

#### **7. Related Party Transactions not previously approved:**

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Audit Committee or Board or Shareholders as may be required in accordance with this policy for review and ratification.

The Audit Committee or the Board or the Shareholders shall consider all relevant facts and circumstances of such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision or termination of transaction and the Company shall take such actions as Audit Committee deems appropriate under the circumstances.

#### **8. Material Unlisted Subsidiary Company:**

Dinesh Remedies Ltd. (DRL) is a material unlisted subsidiary company pursuant to the provisions of Clause 49 of the Listing Agreement with BSE Ltd. and as a good corporate governance practice, the Company will not enter into any transaction with DRL for transfer of resources, services or obligations, regardless of whether price is charged or not.

#### **9. Disclosures:**

The Company shall disclose this Policy on its website and web link shall be provided in the Annual Report.

The Company Secretary will submit the compliance relating to Related Party Transactions on quarterly basis in the Compliance Report on Corporate Governance with the Stock Exchange.

#### **10. Amendment in Law:**

Any subsequent amendment/modification in the Listing Agreement and /or applicable laws and rules made thereunder in this regard shall automatically apply to this policy.