

## DEEPAK SPINNERS LIMITED

Regd. Office : 121, Industrial Area, Baddi, Tehsil Nalagarh, Distt Solan, Himachal Pradesh 173 205.

### POLICY ON RELATED PARTY TRANSACTIONS

Effective Date	1 <sup>st</sup> October 2014
Modified on	16 <sup>th</sup> May 2019, 10 <sup>th</sup> May 2022

#### 1. INTRODUCTION

Deepak Spinners Limited ('The Company') is committed to best corporate governance practices. 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. It has been adopted by Company's Board of Directors on recommendations of the Audit Committee.

#### 2. OBJECTIVE

The Company is governed among others by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). These Regulations have mandated every listed company to formulate a policy on materiality of Related Party Transaction ('RPT') and also on dealing with RPT. Accordingly –

- a) The Company has formulated this policy on materiality of RPT and on dealing with RPT. This policy regulates all transactions between the Company and its Related Parties.
- b) The Board of Directors of the Company ('Board') on recommendation of the Audit Committee of the Company ('Audit Committee') shall review the Policy once in three years and may amend the same from time to time.

#### 3. DEFINITIONS

1. '**ACT**' means the Companies Act, 2013 and the rules and regulations notified thereunder and any amendment thereof.
2. '**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. '**COMPANY**' means Deepak Spinners Limited.
4. '**KEY MANAGERIAL PERSONNEL (KMP)**' - means "Key managerial personnel" as defined under Section 2(51) the Companies Act, 2013
5. '**LISTING REGULATIONS**' means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
6. '**POLICY**' means Related Party Transaction Policy.
7. '**RELATED PARTY**' means related party as defined under Section 2(76) of the Companies Act, 2013 or under the applicable accounting standards and Listing Regulations.
8. '**RELATED PARTY TRANSACTION ('RPT')**' means –
  - a) For the purpose of the Act, specified transaction of the Company with Related Parties mentioned in clause (a) to (g) of Section 188(1) and Section 177(4)(iv) of the Act ; and
  - b) For the purpose of Listing Regulations, as mentioned in Regulation 2(1)(zc)

9. **“MATERIAL RPT”** – Means an RPT with thresholds as prescribed under the Listing Regulations.
10. **“MATERIAL MODIFICATION TO RPT”** – Means any subsequent change to an existing RPT, having variance of 20% of the originally approved transaction.

All terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and Listing Regulations as amended from time to time. In case of any conflict between this Policy and applicable law (as existing on the date of the concerned transaction) shall prevail.

#### **4. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION**

##### **A. Audit Committee**

1. Prior approval of the Audit Committee shall be taken for all related party transactions and subsequent modifications including material modifications, as per the requirements of the Act and the SEBI Listing Regulations.
2. Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting on the approval of the Related Party transaction.
3. The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23(3) of the Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
4. The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions and material modifications thereof, entered into by the Company pursuant to the omnibus approval.
5. A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.

##### **B. Board of Directors**

1. Prior approval of the Board of Directors shall be taken for entering into Related Party Transactions or modifications of the same which are not in the ordinary course of business or not on an arm's length basis or Material Related Party Transaction(s) or its subsequent material modifications, as per the requirements of the Act and Listing Regulations.
2. Any member of the Board who has any interest in any contract or arrangement with a Related Party will recuse himself and abstain from discussion and voting on the approval of such Related Party Transaction.

### **C. Shareholders**

If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013 then such RPT and any subsequent material modification thereto, shall require shareholders' approval by a resolution. In such a case, any member of the Company who is a Related Party, irrespective of being related to the said transaction or not, shall not vote on resolution passed for approving such Related Party Transaction.

- D. In the event the Company becomes aware of a Related Party Transaction with a Related Party has been entered into that has not been approved under this Policy, the Company would obtain post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/regulations. In case the Company is not able to take such prior approval from the Audit Committee, the Board and/or shareholders, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

### **5. REPORTING OF RELATED PARTY TRANSACTIONS**

1. Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders as per the requirements of the Act and the rules applicable thereto.
2. The details of all transactions with related parties shall be submitted, in the format specified, half-yearly to the stock exchanges, as per the manner and timelines set out in the Listing Regulations and the same shall be published on the Company's website.

### **6. LIMITATION AND AMENDMENT**

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

### **7. DISCLOSURE OF THE POLICY**

The Company shall place this policy on the website of the Company.

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