

ARIHANT TOURNESOL LIMITED

***POLICY ON MATERIALITY OF RELATED PARTY
TRANSACTIONS AND ON DEALING WITH RELATED PARTY
TRANSACTIONS***

OR

POLICY ON RELATED PARTY TRANMSACTION

1. **PREAMBLE**

The Board of Directors (the “Board”) of Arihant Tournesol Limited (the “Company”) has adopted the policy (“Policy”) on materiality of Related Party Transactions and dealing with Related Party Transactions also known as Policy on Related Party transaction (RPT). The policy is in line with requirement of the Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and Companies Act, 2013. The provisions of the Companies Act, 2013 also requires approval of Audit Committee or Board or Shareholders, for various Related Party transactions. The Company is required to disclose in its Annual Financial Statements and Disclosures, Report, certain transactions between the Company and Related Parties as well as policies relating thereto. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

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. 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**

1. **“Act”** means Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
2. **“Listing Regulations”** means SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015
3. **“Policy”** means the policy on materiality of Related Party Transactions and dealing with Related Party Transactions also known as Related Party Transaction policy (RPT), including amendments, if any, from time to time.
4. **“Arm’s 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.
5. **“Associate”** means a company as defined under section 2(6) of the Companies Act, 2013
6. **“Audit Committee or Committee”** means committee of Board of Directors of the Company constituted by Board as per provisions under section 177 of the Act and Regulation 18 of the Listing Regulations.
7. **“Board of Directors”** or “Board” means the collective body of the Directors of the Company currently constituted as per the provisions of the Company Act.
8. **“Company”** means Arihant Tournesol Limited.
9. **“Key Managerial Personnel”** shall mean the officers of the Company as defined in Section 2(51) of the Companies Act, 2013 and rules prescribed thereunder.
10. **“Material Related Party Transaction”** shall mean as per the explanation given under Regulation 23(1) of Listing Regulations
11. **“Ordinary course of business”** mean the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.
12. **“Related Party”** means a Related Party as defined under the Section 2(76) of the Act read with Regulation 2(1)(zb) of Listing Regulations 2015 as amended from time to time.

13. **“Related Party Transaction (RPTs)”** mean such transactions as specific under Section 188 of the Act or rules made thereunder and Regulation 2(1)(zc) of Listing Regulations including any amendment or modification thereof, as may be applicable.
14. **“Relative”** means a relative as defined under the Section 2(77) of the Act and rules prescribed thereunder.
15. **“Transaction”** with a Related Party shall be construed to include single transaction or series or a group of transactions in a contract.
16. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations, Securities Contract Regulation Act 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 -I** containing the following information to the Authorized Key managerial personnel as per Listing Regulations or the Company Secretary, on an annual basis:

1. Names of his / her Relatives;
2. Partnership firms in which he / she or his / her Relative is a partner;
3. Private Companies in which he / she or his / her Relative is a member or Director;
4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

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

Every Director, Key Managerial Personnel is responsible for providing Notice to the Board or Audit Committee of any potential Related Party Transaction involving him/her or his/her relative, including any additional information about the transaction that the Board or Audit Committee may request. The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Notice relating to disclosure of potential Related Party Transaction shall be received in well advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

4.1 **REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION**

All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode. A member of the Committee who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.

4.2 CONSIDERATION BY THE AUDIT COMMITTEE IN APPROVING THE PROPOSED TRANSACTIONS

While considering any transaction for approval, 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. Audit committee can call for additional information as required by them to take a decision on the approval.

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 and in the ordinary course of Business, 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 take into consideration that subsequent events (i.e., events after the initial transactions have commenced) 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, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

Where the Audit Committee considers that the transactions need to be approved by the Shareholders as required by Section 188 (1) of the Act, it will accordingly advise the Management.

4.3 APPROVAL BY CIRCULAR RESOLUTION OF THE COMMITTEE

In the event the Company Management determines that it is urgent or desirable to do immediately, and need not wait until a regular meeting of the Committee to enter into a Related Party Transaction, such transaction may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be ratified by the Committee at its next scheduled meeting.

4.4 APPROVAL BY THE BOARD

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances

4.5 STANDING PRE-APPROVAL / OMNIBUS APPROVAL BY THE COMMITTEE

In the case of frequent / regular / repetitive related party transactions which are in the normal course of business and at arm's length of the Company, the Committee may grant standing pre-approval / omnibus approval for certain class or group of transactions. 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/ parties
- b. Nature of the transactions
- c. Period of the transactions
- d. Maximum amount of the transactions that can be entered into
- e. Indicative base price / current contracted price and formula for variation in price, if any 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.

5. TRANSACTIONS NOT IN ORDINARY COURSE OF BUSINESS OR NOT AT ARM'S LENGTH

All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, which are not in the Ordinary Course of Business or not at Arms' Length shall also require the prior approval of the shareholders through Ordinary resolution and the Related Parties shall abstain from voting on such resolution whether the entity is a related party to a particular transaction or not.

6. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

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

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

7. DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

Every Related Party Transaction which is not in ordinary course of business and not at arm's length basis, entered into by the Company shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction. The Key managerial personnel authorized under this Listing Regulation and the Chief Financial Officer shall be, responsible for such disclosure.

The Company shall maintain one or more registers as prescribed under the Act (In Form MBP-4) and shall enter therein the particulars of-

- (a) company or companies or bodies corporate, firms or other association of individuals, in which any director has any concern or interest, as mentioned under sub-section (1) of section 184:

Provided that the particulars of the company or companies or bodies corporate in which a director himself together with any other director holds two percent. or less of the paid-up share capital would not be required to be entered in the register;

- (b) contracts or arrangements with a body corporate or firm or other entity as mentioned under sub-section (2) of section 184, in which any director is, directly or indirectly, concerned or interested; and
- (c) contracts or arrangements with a related party with respect to transactions to which section 188 applies.

The entries in the register shall be made at once, shall be placed before the next meeting of the Board and signed by all the Directors present at the meeting and shall be authenticated by the company secretary of the company or by any other person authorised by the Board for the purpose.

The register shall be kept at the registered office of the company and the register shall be preserved permanently and shall be kept in the custody of the company secretary of the company or any other person authorised by the Board for the purpose.

8. SCOPE LIMITATION

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

9. REVIEW OF POLICY

The policy will be reviewed once in two years or Board may think or earlier where material amendment has made in the listing regulations or the Act.

Annexure-I

NOTICE OF INTEREST BY DIRECTOR / KEY MANAGERIAL PERSONNEL

To,
The Company Secretary/Compliance Officer
Arihant Tournesol Limited.
137/138A, Jolly Maker -II,
Nariman Point, Mumbai- 400021,

Dear Sir,

I,, son/daughter/spouse of, resident of, holding Shares (equity or preference) of Rs. ----- each (..... percent of the paid-up Capital) in the Company in my name, being a in the Company, hereby give notice that I am interested directly/through my Relatives (Schedule) in the following company or companies, body corporate, firms or other association of individuals:

Sr. No.	Name of the Companies/Bodies Corporate/Firms/ Association of Individuals	Nature of Interest or concern / Change in Interest or Concern	Shareholding	Date on which Interest or Concern arose/changed

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

Sr. No.	Name of the Body Corporate

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

Signature:
Name:
Designation

Place:
Date:

SCHEDULE LIST OF RELATIVES

No.	Relationship	Full Name	Address	Shareholding in GML
	Spouse			
	Father (including Step-Father)			
	Son (including Stepson)			
	Daughter			
	Daughter's Husband			
	Brother (Including Step-Brother)			
	Sister (Including Step-Sister)			
	Mother (including Step-Mother)			
	Son's Wife			
	Members of HUF			