

GANON TRADING AND FINANCE COMPANY LIMITED

RELATED PARTY TRANSACTIONS POLICY

POLICY FOR CONSIDERATION AND APPROVAL OF RELATED PARTY TRANSACTIONS EFFECTIVE FROM 1 Oct 2014

1. PREAMBLE

The Company has framed this policy pursuant to the requirement of sub clause VII (C) of revised Clause 49 of the Equity Listing Agreement by the Securities Exchange Board of India (SEBI) vide CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 with the objective to regulate transactions between the Company and its Related Parties as determined based on the Companies Act, 2013, Listing Agreement and other laws and regulations as may be applicable to the Company.

The Board of Directors of the Company has adopted the following policy and procedures with regard to Related Party Transactions with related parties. The Audit Committee shall review and may amend the policy as and when required subject to approval of the Board.

2. DEFINITIONS

“Act” means the Companies Act, 2013 including any amendment or modification thereof.

“Arms’ Length Transaction” means a transaction between two related parties that is conducted as if they were unrelated in ordinary course of business.

“Associate” means a company as defined under section 2(6) of the Companies Act, 2013, and as defined by Accounting Standard (AS) 23, “Accounting for Investments in Associates in Consolidated Financial Statements” issued by ICAI and by Central Government.

“Audit Committee” means the Committee of the Board formed under section 177 of the Act and Clause 49(III) of the Listing Agreement.

“Body Corporate” means an entity as defined in Section 2(11) of the Companies Act, 2013.

“Clause 49” means the Clause 49 of the Listing Agreement, as entered into by the Company with the stock exchanges including any amendment or modification thereof.

“Company” means Ganon Trading And Finance Company Limited.

“Director” means a person as defined in Section 2(34) of the Companies Act, 2013.

“Employees” shall mean the employees and office-bearers of the Company, including but not limited to Whole Time Directors.

“Key Managerial Personnel” shall mean the officers of the Company as defined in Section 2(51) of the Companies Act, 2013 and rules prescribed there under. Key managerial personnel as defined under the Companies Act, 2013 and shall includes:

1. Director or Manager and in their absence a Whole- Time Director;
2. Chief Financial Officer.

“Material Related Party Transactions” shall mean a transaction as defined as material in Clause 49(VII)(C) of the Listing Agreement or any other law or regulation including any amendment or modification thereof, as may be applicable.

“Ordinary course of business” means 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.

“Relative” with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed there under which particularly includes anyone who is related to another, if –

- i. They are members of a Hindu undivided family;
- ii. They are husband and wife; or
- 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)
- x. Sister (including step-sister)

“Related Party” means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act and Clause 49(VII) (B) of the Listing Agreement.

“Related Party Transactions” shall mean such transactions with related parties as specified under Section 188 of the Act or rules made there under and Clause 49(VII)(A) of the Listing Agreement including any amendment or modification thereof, as may be applicable.

“Subsidiary” means a company as defined in Section 2(87) of the Companies Act, 2013 as subsidiary.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities Contract Regulation Act or any other applicable law or regulation.

3. APPROVAL OF RELATED PARTY TRANSACTIONS AND RESTRICTIONS THERETO

Each Director and Key Managerial Personnel shall inform the Audit Committee/Board of any potential Related Party Transaction involving him/her or his/her relative or an entity in which he /she is interested as mentioned above.

The Company will enter into any Related Party Transactions only with the prior approval of the Audit Committee. The Audit Committee may grant omnibus approval for the proposed Related Party Transaction subject to the following conditions:

- a. The Audit Committee may lay down the criteria for granting omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b. The Audit Committee satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- c. Such omnibus approval shall specify the following:
 - Name(s) of the Related Party;
 - Nature of the transaction;
 - Period of transaction;
 - Maximum amount of transaction that can be entered into;
 - The indicative base price / current contracted price and the formula for variation in the price, if any, and;
 - Such other conditions as the Audit Committee may deem fit.
- d. The Audit committee shall review, at least on a quarterly basis, the details of RPTs Entered into by the Company pursuant to each of the omnibus approval given;
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of each financial year.

The Audit Committee may consider the following factors, amongst others, to the extent relevant to the Related Party Transaction:

- i. Whether the terms of the Related Party Transaction are fair and on arm's length basis and do not conflict with the interests of the Company and whether they would apply on a similar basis if the transaction did not involve a Related Party;

- ii. Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and nature of alternative transactions, if any;
- iii. Whether the Related Party Transaction affects the independence of an independent director;
- iv. Whether the proposed transaction includes any potential risk issues to the Reputation of Company and management as a result of or in connection with the proposed transaction;

The Audit Committee will have the discretion to recommend / refer any matter relating to the Related Party Transaction to the Board for the approval

In the case of Material Related Party Transaction, the approval of the shareholders by way of special resolution is also required irrespective of the fact whether the transaction, contract or arrangement is in the ordinary course of business or at arm length or both and the Related Party shall abstain from voting on such resolutions.

In the event transaction, contract or arrangement with the Related Party is either not in the ordinary course of business or is not at arms' length or both, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed there under and obtain approval of the Board and its shareholders, as applicable..

4. Related Party Transaction not approved under this policy

In case the Board/ Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Board/ Audit Committee, as the case may be, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification.

In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.