

RESONANCE SPECIALTIES LTD

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CIN No:- L25209MH1989PLC051993

Policy on Dealing with Related Party Transactions

(As per Companies Act, 2013 & Clause 49 of the Listing Agreement)

1. Preamble

The Board of Directors of the Resonance Specialties Limited (hereinafter referred to as "The Company") has, in pursuance of Clause 49 of the Listing Agreement and other applicable provisions, adopted the following policy to regulate the transactions between the Company and its Related Parties.

The Policy is applicable to all Related Party Transactions irrespective of their value and size.

The policy on related party transaction has come into force w.e.f 14/08/2014.

2. Definitions:

- 2.1 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.
- 2.2 Key Managerial Personnel**, in relation to Company means: (i) either or all Chief Executive Officers, Managing Director, Whole Time Director, Manager, (ii) Company Secretary and (iii) Chief Financial Officer.
- 2.3 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. The Board and Audit committee may lay down principles for determining ordinary course of business in accordance with statutory requirements and other industry practices and guidelines.
- 2.4 Policy**, means this Policy on Related Party Transactions.
- 2.5 Related Party** in relation to the Company, means the related parties as defined in Section 2(76) of the Companies Act 2013 and rules and Clause 49 of the Listing Agreement (including any statutory modification or re-enactment thereof).



2.6 **“Relative”** with reference to a Director or KMP means the person as defined in Section 2(77) of the Act and rules prescribed thereunder

2.7 **Related Party Transactions** means any transaction involving transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged, including but not limited to the following:

- 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. appointment to any office or place of profit in the Company.

Explanation: "Transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

2.8 **Material Related Party Transaction**, means a transaction with a related party if the transaction / transaction to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

Explanation: The words and expressions used in this Policy unless defined hereunder shall have the meaning assigned to them in the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Companies Act 2013 or the rules framed thereunder or the SEBI (Issue of Capital and Disclosure Requirements) Regulations or the SEBI (Substantial acquisition of shares and takeovers) regulations including any statutory modification or re-enactment thereof, as the case may be.

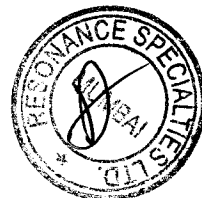
4 **Approval Process**

4.1 **Approval of the Audit Committee**

All Related Party Transactions shall be subject to the prior approval of the Audit Committee of the Company. The approval can be sought at the duly convened Audit Committee meeting or through resolution by circulation.

The Audit Committee may, subject to applicable regulatory provisions including Companies Act, 2013, Clause 49 of the Listing Agreement and provisions of this policy, grant omnibus approval to Related Party Transactions and subject to satisfaction of the following conditions:

- a) The Committee satisfies itself that there is specific need for such omnibus approval and also that such approval is in the interest of the company;



- b) Such related party transactions are repetitive in nature;
- c) The approval shall specify the name/s of the related party, nature of 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 condition as the Audit Committee may deem fit.
- d) Where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.

Validity Period: Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

4.2 Approval of Board of Directors

The following Related Party Transactions shall be subject to prior approval of the Board of Directors:

- i. If the Audit Committee is of opinion that a particular Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter;
- ii. Where it is mandatory under any law for Board to approve the Related Party Transactions.
- iii. Related Party Transactions, in which the directors or the Key Managerial Personnel, are concerned or interested.
- iv. Related Party Transactions which are not:
 - (a) In the ordinary course of business or,
 - (b) Conducted at an arm's length.

4.3 Procedure / Criteria for approving the Related Party Transactions

- (a) In determining whether to approve a Related Party Transaction, the approving authority, amongst others, will consider the following factors to the extent relevant in the matter:
 - i. Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same 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 the nature of alternative transactions, if any;
 - iii. Whether the Related Party Transaction would affect the independence of any independent director or any KMP of the Company;
 - iv. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
 - v. Whether the Related Party Transaction would present an improper conflict of interest for any director or KMP of the Company, taking into account the size of the transaction, the overall financial position of the director, executive officer or other Related Party, the direct or indirect nature of the director's, KMPs or other Related Party's interest in the transaction, the ongoing nature of any proposed relationship and any other factor, the Committee deems relevant.
- (b) No Director shall participate in any discussion or approval of a contracts or arrangements w.r.t. Related Party Transaction in case such director is concerned or interested.
- (c) If necessary, the Independent Directors may seek external professional advice in determining whether a transaction is in the ordinary course of business or at arm's length basis.

4.4 Approval of Shareholders

All material related party transactions will be placed for approval of the shareholders of the Company through special resolution and related parties who are concerned / interested shall abstain from voting on such resolutions. It is further clarified that all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

In respect of other transactions, other than the Material Related Party Transaction, with the related parties which are not in the Ordinary Course of Business or not conducted on Arms' Length Basis, the Company shall comply with the provisions of the Companies Act 2013 and the Rules framed thereunder and obtain approval of the Board and / or its shareholders, as applicable, for such transactions.

5 Disclosure by the Director's & KMPs

- 5.1 Each Director and Key Managerial Personnel shall disclose to the Company Secretary in Form MBP 1, at the time of appointment, annually and whenever there is any change in the disclosure so made, about all persons, entities firms in which he/ she is interested whether directly or indirectly.



- 5.2 On the basis of the Disclosures received by the Company from the Directors and the Key Managerial Personnel the company would update its master file of Related Parties.
- 5.3 On the basis of the disclosures received from the Directors and Key Managerial Personnel and the information available, the CEO , Company Secretary and the CFO shall jointly ensure that the contracts and arrangements w.r.t. the Related Party Transactions are pre-approved by the Audit Committee, the Board of Directors and the shareholders as applicable.

6 Disclosures by the Company

- 6.1 All Material Contract or Arrangements with Related Party Transactions that are required to be disclosed to the Stock Exchanges or any other authority under the Listing Agreement or any other law for the time being in force as amended shall be so disclosed in accordance with such laws, rules and regulations.
- 6.2 This Policy shall be disclosed on the website of the Company and such web link shall also be provided in the Annual Report.
- 6.3 A summarized statement of all transactions with related party transactions executed during the quarter pursuant to any contract or arrangement approved by the Audit Committee or the Board or the shareholders as applicable shall be submitted to the Board as well as the Audit Committee in regular quarterly meetings for information, review and noting.
- 6.4 Particulars of contracts or arrangements with related parties shall also be disclosed in the Board Report of the Company.

7 Manner of handling related party transactions not approved under this policy

- 7.1 In the event any Director, KMP or any other officer or employee or the Company become aware of any transaction with related party in deviation of this Policy, such person shall promptly notify the Company Secretary of such transaction, who shall ensure that such transactions are brought to the notice of the Audit Committee or the Board of Directors as applicable, at the earliest possible time but not later than the first Audit Committee or the Board of Directors meeting held after the date of such intimation.
- 7.2 The Audit Committee and the Board of Directors as applicable, shall consider all relevant facts and circumstances regarding such Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.



- 7.3 In case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this policy (excluding the statutory requirements prescribed under applicable laws).

8. Transactions at arm's length

The Company has laid out a framework to assess whether transactions with related parties are done at an arm's length. Globally accepted practices and principles have been incorporated in the framework. Tests to determine that transactions are in "ordinary course of business" and on an "arms' length basis" are conducted on an ongoing basis.

9. Duty to Report

Every officer or employee of the Company, who becomes aware of any potential Related Party Transaction to be entered into by the Company without following the process prescribed under this Policy or of any ongoing Related Party Transaction which is in violation of this Policy, must report the matter to the Company Secretary of the Company.

10 General

The Policy has been duly approved by the Board of Director in its meeting held August 14, 2014 and may be amended by the Board at any time.

The Company Secretary and CFO are authorised to amend the Policy to give effect to any changes / amendments notified by Ministry of Corporate Affairs or SEBI w.r.t. Related Party Transactions from time to time. Such amended policy shall be periodically placed before the Audit Committee for noting and ratification. Any questions and clarifications relating to this Policy should be addressed to the Company Secretary at info@resonancesl.com

