

HIMALAYA GRANITES LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

The Board of Directors (the “Board”) of Himalaya Granites Limited (the “Company”) had originally adopted this Policy on Related Party Transactions (“the Policy”), as required in terms of Clause 49 of the erstwhile Listing Agreement in its meeting held on 14.11.2014. However, pursuant to the enactment of the Section 14 of Companies (Amendment) Act, 2015, the SEBI LODR (defined herein below) and in light of its impact on the compliance and disclosures pertaining to Related Party Transactions, this Policy was amended by the Board of Directors of the Company at its meeting held on 12.02.2016.

Further, owing to the amendments brought in by Companies (Amendment) Act, 2017, the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulation, 2018, and the implementation of Indian Accounting Standards, the policy was again amended on February 14, 2019.

The Board or the Audit Committee of the Board (“Audit Committee”), subject to confirmation by Board, may review and amend this policy from time to time.

EFFECTIVE DATE

This revised Policy shall become effective from the date of its adoption by the Board of Directors of the Company.

SCOPE AND PURPOSE

The Companies Act, 2013, the Rules framed thereunder as well as Regulation 23 of SEBI LODR, contain detailed provisions on Related Party Transactions.

This revised Policy on Transactions with Related Parties (Policy) has been framed as per the requirements of the Regulation 23 of SEBI LODR and is intended to ensure proper approval and reporting of the transactions between the Company and its Related Parties.

The Board recognizes that certain transactions present a heightened risk of conflicts of interest or the perception thereof. Therefore, the Board has adopted this Policy to ensure that all the transactions with Related Parties shall be subject to this policy and approval or ratification in accordance with the Applicable Law. This Policy contains the policies and procedures governing the review, determination of materiality, approval and reporting of such Related Party Transactions.

CLARIFICATIONS, AMENDMENTS AND UPDATES

This Policy shall be implemented as per the provisions of the Applicable Law. Any amendments in the Applicable Law, including any clarification/ circulars of relevant regulator, shall be read into this Policy such that the Policy shall automatically reflect the contemporaneous application of Applicable Law at the time of its implementation. Further, the Policy shall be reviewed and updated accordingly by the Board of Directors at least once in every three years.

Likewise, reference in this Policy to accounting standards shall be deemed to refer to the contemporaneous accounting standards as applicable to the Company at the relevant time.

All words and expressions used herein, unless defined herein, shall have the same meaning as respectively assigned to them, in the Applicable Law under reference, that is to say, the Companies Act, 2013 and Rules framed thereunder, or SEBI LODR, as amended, from time to time.

DEFINITIONS

1. “Applicable Law” means the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**SEBI LODR**) and any further amendments therein which includes any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

2. “Associate Company” means as defined under the Companies Act, 2013 and SEBI LODR and applicable accounting standards:

A. Companies Act, 2013:

In terms of Section 2(6) of the Companies Act, 2013 “Associate Company” in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

For the purposes of this term ‘Associate Company’,

a. “significant influence” means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement;

b. “joint venture” means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

B. SEBI LODR:

In terms of definition under Regulation 2 (1) (b) of SEBI LODR, “Associate” shall mean any entity which is an associate under sub-section (6) of section 2 of Companies Act, 2013 or under the applicable accounting standards.

The applicable Indian Accounting Standard 24 pertaining to Related Party Disclosures (IND AS 24) notified by the Companies (Indian Accounting Standards) Rules, 2015, uses the terms “associate” as defined under IND AS 28 to mean “an entity over which the investor has significant influence.”

Further, as per IND AS 24 “In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture. Therefore, for example, an associate’s subsidiary and the investor that has significant influence over the associate are related to each other.”

For the purposes of IND AS 24, “significant influence” means the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies as defined under IND AS 28.

3. “Compliance Officer” means the Chief Financial Officer of the Company.

4. “Key Managerial Personnel” means:

- (i) Chief Executive Officer or the Managing Director or the Manager;
- (ii) Whole-time director;
- (iii) Chief Financial Officer;
- (iv) Company Secretary;

- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed.

5. “Material Related Party Transaction” means a transaction entered with a related party, value whereof individually or taken together with previous transactions during a financial year, exceeds ten percent (10%), duly approved by the Board of Directors, of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such other threshold as may be laid down from time to time by Applicable Law

Further, notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall also be considered as a material related party transaction, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

6. “Relative(s)” shall have the same meaning as assigned to it under Section 2 (77) of the Companies Act, 2013 and the Rules made thereunder and Regulation 2 (1) (zd) of SEBI LODR.
7. “Related Party” means any person or entity who is covered under the definition of Related Party as defined in Companies Act, 2013, SEBI LODR and applicable accounting standards:

A. Companies Act, 2013

The term “related party” has been defined under Section 2(76) of the Companies Act, 2013 as follows-

Related Party with reference to a company means –

- (i) *a director or his relative;*
- (ii) *a key managerial personnel or his relative;*
- (iii) *a firm, in which a director, manager or his relative is a partner;*
- (iv) *a private company in which a director or manager or his relative is a member or director;*
- (v) *a public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital;*
- (vi) *any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;*
- (vii) *any person on whose advice, directions or instructions a director or manager is accustomed to act: Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;*
- (viii) *any body corporate which is –*
 - (A) *a holding, subsidiary or an associate company of such company;*
 - (B) *a subsidiary of a holding company to which it is also a subsidiary; or*
 - (C) *an investing company or the venturer of the Company*
- (ix) *such other person as may be prescribed;*

For the purpose of this clause, “the investing company or the venture of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

Rule 3 of the Companies (Specification of Definitions Details) Rules, 2014, provides that a director (excluding independent directors) or key managerial personnel of the holding company or his relative with reference to a company, shall also be deemed to be a related party.

B. SEBI LODR

In terms of definition under Regulation 2 (1) (zb) of SEBI LODRs, related party means a related party as defined under sub-section 76 of Section 2 of the Companies Act, 2013 or under the applicable accounting standards. Further, any person or entity belonging to the promoter or promoter group of the Company and holding 20% or more of shareholding in the Company shall be deemed to be a related party to the Company.

C. Applicable Accounting Standard:

Para 9 of IND AS 24, defines a related party as -

A person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control of the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies :

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

In terms of IND AS 24, the following are not related parties:

- (a) two entities simply because they have a director or other member of key management personnel in common or because a member of key management personnel of one entity has significant influence over the other entity.
- (b) two joint venturers simply because they share joint control of a joint venture.
- (c) (i) providers of finance,
(ii) trade unions,
(iii) public utilities, and
(iv) departments and agencies of a government that does not control, jointly control or significantly influence the reporting entity, simply by virtue of their normal dealings with an entity (even though they may affect the freedom of action of an entity or participate in its decision- making process).
- (d) a customer, supplier, franchisor, distributor or general agent with whom an entity

transacts a significant volume of business, simply by virtue of the resulting economic dependence

In view of the above definition, IND AS 110 and IND AS 28 further defines the terms 'control' and 'significant influence' as follows -

Control –

An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, an investor controls an investee if and only if the investor has all the following:

- (a) power over the investee;
- (b) exposure, or rights, to variable returns from its involvement with the investee; and
- (c) the ability to use its power over the investee to affect the amount of the investor's returns

Significant Influence –

The power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

8. "Related Party Transaction" means any transaction with a Related Party involving a transfer of resources, services or obligations that is subject to the provisions of Applicable Law regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract and shall include the following:
- (i) purchases or sales or supply of goods (finished or unfinished);
 - (ii) purchases or sales or supply of property and other fixed assets;
 - (iii) rendering or receiving of services;
 - (iv) leasing of property of any kind or hire purchase arrangements;
 - (v) transfers of research and development;
 - (vi) transfers under license agreements;
 - (vii) transfers under finance arrangements (including loans and equity contributions in cash or in kind);
 - (viii) provision of guarantees or collateral;
 - (ix) agency arrangements, management contacts including for deputation of employees;
 - (x) settlement of liabilities on behalf of the entity or by the entity on behalf of another party.
 - (xi) appointment of any agent for purchase or sale of goods, materials, services or property
 - (xii) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
 - (xiii) underwriting the subscription of any securities or derivatives thereof, of the company
9. Notwithstanding the foregoing, the following shall not be deemed Related Party Transactions for the purpose of this Policy:
- (i) Any transaction that involves the providing of compensation to a director or Key Managerial Personnel, in accordance with the provisions of Companies Act, 2013, in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

- (ii) Reimbursement of expenses incurred by a Related Party for business purpose of the Company.
- (iii) Reimbursement of pre-incorporation expenses incurred by a Related Party as approved by the Board of Directors.
- (iv) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party, or other pro rata interest of a Related Party included in a transaction involving generic interest of stakeholders involving one or more Related Parties as well as other parties..
- (v) Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder, and does not require approval in advance by the Audit Committee.

All terms not defined herein shall take their meaning from the Applicable Laws.

POLICY STATEMENT

1. Subject to the following provisions, all the Related Party Transactions proposed to be entered into by the Company shall require the prior approval of the Audit Committee, including those transactions proposed to be entered in the ordinary course of its business.
2. All the contracts/ arrangements prescribed under Section 188(1) of the Companies Act, 2013 and within the threshold limits prescribed under Rule 15 (3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014, which are not in the ordinary course of business of the Company or on an arm's length basis shall, in addition to the prior approval of the Audit Committee, also require prior approval of the Board of Directors of the Company.
3. All the Material Related Party Transactions exceeding the threshold limits as prescribed under -
 - a. Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, shall require prior approval of the Audit Committee, the Board and the shareholders of the Company by way of Resolution and the members who are related parties to any transaction, contract or arrangement which may be entered into by the Company, shall not vote to approve such transaction, contract or arrangement except where ninety percent or more members, in number, are relatives of promoter or are related parties; .
 - b. Regulation 23 of the SEBI LODR, shall require prior approval of the Audit Committee, the Board and the shareholders of the Company by way of Resolution and the related parties shall not vote to approve the relevant transaction on such resolution, irrespective of whether the entity is a related party to such transaction or not.

Further, the aforementioned conditions shall not apply if the transaction is entered into with wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

4. However, it is clarified that all Such Related Party Transactions, as are specified, and exceeding the threshold limits prescribed under Rule 15(3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014, which are in the ordinary course of business and also on an arm's length basis, will only require the prior approval of the Audit

Committee, provided that such Related Party Transactions do not exceed the materiality threshold as provided under Regulation 23 of the SEBI LODR.

A. Identification of Related Parties and Related Party Transactions

The Compliance Officer shall at all times:

- a. Identify and keep on record Company's Related Parties, along with their personal/company details.
- b. The Compliance Officer shall identify such managers, departmental heads and such other employees (Designated Employees) who are authorised for entering into contracts/ arrangements/ agreements with entities for and on behalf of the Company and circulate the list of Related Parties to all such Designated Employees of the Company along with the approval thresholds for entering into transactions with such listed Related Parties.
- c. The Compliance Officer shall also set down the mechanism for reporting of such transactions proposed to be entered or entered with related parties by such Designated Employees as specified in (b) above.
- d. The record of Related Parties shall be updated whenever necessary and shall be reviewed at least once a year, as on 1st April every year.
- e. The record of Related Parties and the Designated Employees identified for reporting the related party transactions shall be placed before the Audit Committee as decided by the Audit Committee from time to time.
- f. With regard to Immaterial Transactions (defined below), internal systems may be created to ensure that the Designated Employees approving the transactions are not related to the contracting parties and alternative approving authorities are put in place. The internal systems shall be placed before the Audit Committee and shall be circulated amongst all Designated Employees for effective monitoring of all Related Party transactions whether Immaterial Transactions or otherwise.

B. Procedures for review and approval of Related Party Transactions

- (a) Subject to the threshold limits specified below, all Related Party Transactions or changes therein must be referred for prior approval by the Audit Committee in accordance with this Policy.
- (b) The threshold limits for approvals will be as follows:
 - i. The transactions for which omnibus approval of the Audit Committee has already been sought will not require prior approval of the Audit Committee for each transaction entered into pursuant to the same. Where the need/purpose of the transactions to be entered into with Related Parties cannot be foreseen and details related to name of the party, nature and duration of transaction, maximum amount of transaction, indicative base price / current contracted price and the formula for variation in the price and such other parameters as may be laid down by the Audit Committee, are not available at the time of taking such approval, the omnibus approval for such transactions shall be granted subject to their value not exceeding Rs.1 crore per transaction (**Immaterial Transactions**). Further, such transactions shall be reported to the Audit Committee quarterly.
 - ii. All transactions with Related Parties for which no omnibus approval has been accorded as above, shall require prior approval of Audit Committee.

- iii. Where Related Party transactions have been entered into prior to such transactions being placed before the Committee reasoned explanation for the same must be received from the contracting employees to the satisfaction of the Audit Committee.
- (c) Related Party Transactions that are not in ordinary course of business but on arm's length basis may be approved by Audit Committee. Where such transactions fall under Section 188 (1), the Audit Committee shall recommend the transaction for approval of the Board.
- (d) Related Party Transactions that are not on arm's length basis, irrespective whether the transactions are covered under Section 188 or not, shall not be approved by Audit Committee and shall be recommended to the Board for appropriate action.
- (e) The Audit Committee shall mandatorily review the statement of all related party transactions submitted by management.
- (f) The Audit Committee will undertake an evaluation of the Related Party Transaction. If that evaluation indicates that the Related Party Transaction would require the approval of the Board, or if the Board in any case elects to review any such matter, the Audit Committee will report the Related Party Transaction, together with a summary of material facts, to the Board for its approval.
- (g) If the Related Party Transaction needs to be approved at a general meeting of the shareholders by way of a resolution pursuant to Applicable Law or as mentioned in Para C below, the Board shall ensure that the same be put up for approval by the shareholders of the Company.

However, for those Related Party Transactions covered under LODR and Section 188 of the Companies Act, 2013, transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval are exempted from compliance requirements under the said clause.

- (h) If prior approval of the Audit Committee / Board / Shareholders for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee and the Board / general meeting, if required, within 3 months of entering in the Related Party Transaction.
- (i) In any case where either the Audit Committee / Board / Shareholders determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee or Board or Shareholders, as appropriate, 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 Audit Committee / Board has authority to modify or waive any procedural requirements of this Policy.
- (j) In determining whether to approve or ratify a Related Party Transaction, the Audit Committee / Board will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favourable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Person's interest in the transaction.
- (k) No director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the

Director / Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee / Board.

- (l) If a Related Party Transaction will be on-going, the Board / Audit Committee may establish guidelines for the Company's management to follow in its on-going dealings with the Related Party. Thereafter, the Board, on at least an annual basis, shall review and assess on-going relationships with the Related Party to ensure that they are in compliance with the Act and rules made thereunder, SEBI LODR and this Policy and that the Related Party Transaction remains appropriate.
- (m) Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

C. Omnibus Approval by the Audit Committee

For the ease of carrying out transactions/ contracts/ arrangements, the Audit Committee may grant omnibus approvals to the following transactions, subject to clause (b) above, at the last meeting of every financial year and such approvals shall be valid till the conclusion of the immediately following financial year only. This shall not be applicable to transactions for which omnibus approval of either the Board or shareholders has already been obtained. Omnibus approvals shall be granted based on the following:

- i. Frequency of the transactions in the last 3 years, if any;
- ii. Volumes of transactions, if any, undertaken with such Related Party in the last 3 years. The maximum value of the transactions, per transaction or in aggregate, per related party, shall not exceed lower of the followings –
 - a. the threshold limits prescribed under Rule 15 (3) of Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, in case the Related Party Transactions falls under transactions specified under Section 188 (1) of Companies Act, 2013; or
 - b. 10% of annual consolidated turnover of the Company.
- iii. Disclosure of the following matters to the Audit Committee at the time of seeking omnibus approval in a manner so as to enable effective decision making.
 - a. Projected growth rate in the business with the Related Party in the financial year for which omnibus approval is sought.
 - b. Contractual terms offered by third parties for similar transactions.
 - c. Adherence to any conditions on the contractual terms with such Related Parties for instance floor and cap on the pricing, credit terms, escalation in costs, quality checks etc.
- iv. Such omnibus approval shall specify the following:
 - a. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
 - b. the indicative base price or current contracted price and the formula for variation in the price, if any;
 - c. The maximum transaction values and/or the maximum period for which the omnibus approval shall be valid; and
 - d. such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and the aforesaid details are not available, the Audit Committee may grant omnibus approval for Immaterial Transactions.

- v. Where the Audit Committee is not convinced on the need for granting omnibus approvals, the Audit Committee may reject the proposal placed before it with reasonable explanation for the same
- vi. Notwithstanding the generality of foregoing, Audit Committee shall not grant omnibus approval for following transactions:
 - a. Transactions which are not in ordinary course of business or not on arm's length basis;
 - b. Transactions in respect of selling or disposing of the undertaking of the Company;
 - c. Transactions which are not in the interest of the Company;
 - d. Such other transactions specified under Applicable Law from time to time.
- vii. Where the Audit Committee has granted omnibus approval for certain transactions, the transactions will be put for review before the Audit Committee quarterly in every financial year.
- viii. Exceptions allowed under Applicable Laws to Related Party Transactions shall be exempted from the scope of this policy unless the Audit Committee decides otherwise.

D. Standards for Review

A Related Party Transaction reviewed under this Policy will be considered approved or ratified if it is authorized by the Audit Committee / Board, as applicable, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction. As appropriate for the circumstances, the Audit Committee or Board, as applicable, shall review and consider:

- (a) the Related Party's interest in the Related Party Transaction;
- (b) the approximate amount involved in the Related Party Transaction;
- (c) contractual terms for the Related Party transactions and whether the same are comparative with the market standards and whether beneficial to the company.
- (d) the approximate amount of the Related Party's interest in the transaction without regard to the amount of any profit or loss;
- (e) whether the Related Party Transaction was undertaken in the ordinary course of business of the Company;
- (f) whether the transaction with the Related Party is proposed to be, or was, entered on an arms' length basis;
- (g) the purpose of, and the potential benefits to the Company from the Related Party Transaction;
- (h) 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;
- (i) Whether the Related Party Transaction includes any potential reputational risk issues that may arise as a result of or in connection with the Related Party Transaction;
- (j) Whether the Related Party Transaction would impair the independence of an otherwise independent director or nominee for director;
- (k) Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification would be detrimental to the Company;
- (l) Whether the Related Party Transaction would present an improper conflict of interest, as per provisions of law, for any director or Key Managerial Personnel, taking into account the size of the transaction, the overall financial position of the Related Party, the direct or indirect nature of the Related Party's interest in the transaction and the on-going nature of any proposed relationship and any other factors the Audit Committee / Board deems relevant.
- (m) required public disclosure, if any; and

- (n) any other information regarding the Related Party Transaction or the Related Party in the context of the proposed transaction that would be material to the Audit Committee / Board / shareholders, as applicable, in light of the circumstances of the particular transaction.

The Audit Committee / Board will review all relevant information available to it about the Related Party Transaction. The Audit Committee / Board, as applicable, may approve / ratify / recommend to the shareholders, the Related Party Transaction only if the Audit Committee / Board, as applicable, determines in good faith that, under all of the circumstances, the transaction is fair as to the Company. The Audit Committee / Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction.

E. *Determination of Ordinary Course of Business*

- (i) A transaction shall be deemed to be “in the Ordinary Course of Business” of the Company, if:

A. Any of the following conditions are met:

- a. The transaction, including, but not limited to sale or purchase of goods or property, or acquiring or providing of services, conveying or accepting leases, transfer of any resources, hiring of any executives or other staff, providing or availing of any guarantees or collaterals, or receiving or providing any financial assistance, or issue, transfer, acquisition of any securities, is in the normal routine of the Company’s business; or
- b. The transaction is in the nature of reimbursements, received or provided, from or to any related party, whether with or without any mark-up towards overheads, and is considered to be congenial for collective procurement or use of any facilities, resources, assets or services and subsequent allocation of the costs or revenues thereof to such related party in an appropriate manner; AND

B. The transaction is not

- a. an exceptional or extra ordinary activity as per applicable accounting standards or financial reporting requirements;
- b. Any sale or disposal or any undertaking of the Company, as defined in explanation (i) to clause (a) of sub-section (1) of section 180 of Companies Act, 2013.

- (ii) In order to decide whether or not a contract or arrangement is being entered by the Company is in its ordinary course, the Company shall consider whether such contract/ arrangement is germane to attainment of the main objects as set out in its Memorandum of Association.

- (iii) The Company may also consider whether the transaction contemplated under the proposed contract or arrangement is either similar to contracts or arrangements which have been undertaken in the past, or, in the event that such transaction is being undertaken for the first time, whether the Company intends to carry out similar transactions in the future.

These are not exhaustive criteria and the Audit Committee may assess transactions, considering its specific nature and circumstances.

F. *Determination of Arms’ length nature of the Related Party Transaction*

- (i) The following illustrative tests may be used by the Audit Committee for ascertaining arm’s length nature of contracts / arrangements that may be entered into by the Company with related parties, or any modification, variation, extension or termination thereof: -

- a. The contracts/ arrangements are entered into with Related Parties, are at such prices/ discounts/ premiums and on such terms which are offered to unrelated parties of similar category/ profile.
 - b. The contracts/ arrangements have been commercially negotiated.
 - c. The pricing is arrived at as per the rule/guidelines that may be issued by or acceptable for the purpose of Ministry of Corporate Affairs, Government of India/ Income Tax Act, 1961, Securities and Exchange Board of India as applicable to any of the contract/ arrangements contemplated under the Companies Act, 2013, Rules framed thereunder or SEBI LODR.
 - d. The terms of contract/arrangement other than pricing are generally on a basis similar to those as may be applicable for similar category of goods and services or similar category/ profile of counterparties.
 - e. Such other criteria as may be issued under Applicable Law.
- (ii) Further, in order to determine the optimum arm's length price, the Corporation may also apply the most appropriate method from any of the following methods as prescribed under Section 92C(1) of the Income Tax Act, 1961 read with Rule10B of the Income Tax Rules, 1962 –
- a. Comparable Uncontrolled Price method (CUP method)
 - b. Resale Price Method
 - c. Cost Plus Method
 - d. Profit Split Method
 - e. Transactional Net Margin Method
 - f. Other Method as prescribed by the Central Board of Direct Taxes

G. Disclosures

- (a) The Company is required to disclose Related Party Transactions covered under Section 188 of the Companies Act, 2013 in the Company's Board's Report to shareholders of the Company at the Annual General Meeting as follows:
 - i. All Material Related Party Transactions; and
 - ii. All Related Party Transactions not entered into at arm's length basis
- (b) Details of all Material Related Party Transactions shall be disclosed quarterly along with the Company's Compliance Report on Corporate Governance, in accordance with the SEBI LODR.
- (c) Annual disclosures shall be provided in the format prescribed under the specified laws to be submitted by the company at the end of financial year (for the whole of financial year).
- (d) The Company is also required to disclose this Policy on its website i.e. www.hgl.co.in and also provide web link to the same in the Annual Report of the Company.
- (e) The Company shall keep one or more registers as specified under Applicable Law giving the particulars of all contracts or arrangements with any related party.

**By Order of the Board
For Himalaya Granites Limited**

Date: February 14, 2019
Place: New Delhi

Sd/-
Jayasankar Ramalingam
Chief Financial Officer