

**Shree Digvijay Cement Company Limited**  
Post-Digvijay Gram Via-Jamnagar, Digvijay Gram, Jamnagar 361140

**Material Related Party Transaction Policy**

**Preamble**

The Board of Directors of the company has adopted a Policy and procedure with regard to Related Party Transactions. In continuation of that Policy it is proposed that the Board adopt a Material Related Party Policy which will specifically cover transactions that are considered as such under the Companies Act, 2013 and the Listing Agreement.

The Audit committee will review the same from time to time and propose the amendment required in the Policy to the board of directors.

**Objective**

Security Exchange Board of India (SEBI), Circulars Dated 17 April 2014 and September 15, 2014, has amended Clause 49 of the listing agreement entered into by the company with the stock Exchanges. The amended Clause 49 requires all listed companies to formulate a Policy on materiality of Related Party Transactions (“RPT”).

**Definitions**

“**Audit Committee or Committee**” means the Committee of the Board constituted from time to time under the provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.

“**Board**” means Board of Directors of the Company.

“**Material Related Party Transaction**” means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013 or the Listing Agreement, whichever is stricter, from time to time

All other terms used in this Policy and not defined shall have the meaning as assigned in the Related Party Transaction Policy.

**Policy**

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

All Related Party Transactions shall require prior approval of Audit Committee. Further, all Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolutions.

## **General Criteria for Approval of Related Party Transactions**

To review a RPT, the Audit Committee is provided with all relevant material information of the RPTs, 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. The information provided specifically covers the following:

- i. the name of the related party and nature of relationship;
- ii. the nature, duration of the contract and particulars of the contract or arrangement;
- iii. the material terms of the contract or arrangement including the value, if any;
- iv. any advance paid or received for the contract or arrangement, if any;
- v. the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- vi. whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors;
- vii. the persons/authority approving the transaction; and
- viii. any other information relevant or important for the Committee to take a decision on the proposed transaction.

## **Decision Regarding Transaction in Ordinary Course of Business and at Arm's Length**

The Audit Committee/ the Board shall, in respect of the RPTs referred to them for approval, after considering the materials placed before them; judge if the transaction is in the ordinary course of business or at arm's length basis.

The Audit Committee/ the Board may seek views of professionals/ specialists (on a need basis) for analyzing the appropriateness of the transactions from 'ordinary course of business' and 'arm's length' perspective.

## **Omnibus Approval by Audit Committee for Related Party Transactions Proposed to be entered**

The Audit Committee may grant an omnibus (umbrella) approval for RPTs proposed to be entered into by a company subject to the following conditions:

- (a) Such approval is in respect of transactions which are repetitive in nature and the criteria of granting such omnibus approval is in line with the RPTs policy of the company.
- (b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company
- (c) The omnibus approval should specify:
  - the name/s of the related party
  - the nature of transaction
  - period of transaction
  - maximum amount of the transaction that can be entered into
  - the indicative base price / current contracted price and the formula for variation in the price, if any
  - any other conditions as the Audit Committee may deem fit

Further, in case where the need for a RPTs cannot be foreseen and the above details are not available, the Audit Committee may grant such omnibus approval provided the value does not exceeds one crore per transaction.

The Audit Committee would review on a quarterly basis the aforesaid RPTs entered into by the company pursuant to each of the omnibus approval given.

Such omnibus approval would be valid only for a period of one year and would require fresh approval after expiry of the said period.

**The above policy is approved by the Audit Committee of Directors and Board of Directors in their meetings held on 17<sup>th</sup> January, 2015.**

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