

ARCHIDPLY DECOR LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

I.BACKGROUND AND APPLICABILTY OF THE POLICY

As per the requirement of new Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company intended to ensure the proper approval and reporting of transaction between the Company and its Related Parties as determined under Listing Agreement, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and Companies (Amendment) Act, 2015 and rules prescribed thereunder and any other laws and regulations as may be applicable to the Company, each listed company has to disclose its transactions with the Related Parties following the Policy to be framed by it. In this context, the following policy has been framed by the Board of Directors (“Board”) of Archidply Decor Limited (“company”) with the objective of regulating transactions between the company and its Related Parties as stated above company and its Related Parties as stated above.

The company will disclose in its Annual Financial Statements and Directors’ Report, certain transactions between the company and Related Parties as well as policy relating thereto.

II.Definitions:

“Arm’s Length Transaction” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no question of conflict of interest.

“Key Managerial Personnel” (KMP) means

- 1.Chief Executive Officer, or the Managing Director, or the Manager,
- 2.Whole Time Director,
- 3.The Chief Financial Officer,
- 4.The Company Secretary.

“Related Party” as defined under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as under–

An entity shall be considered as related to the company if:

- 1.Such entity is a related party under section 2(76) of the Companies Act,2013;or
- 2.Such entity is a related party under the applicable accounting standards.

III. “Related Party Transactions” (RPT) means:

•For the purpose of the Act, specified transaction mentioned in clause (a) to (g) of sub section 1 of Sec.188;

•For the purpose of SEBI (LODR) Regulations, 2015, any transaction involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract. Materiality Threshold The company has fixed that a transaction with a related party where the Transaction / transactions 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 will be considered as Related Party Transaction.

IV. Identification of Related Party:

The company has decided that each director and key managerial personnel is responsible for providing notice to the Board or Audit Committee regarding persons and entities to be considered as “Related Party” by virtue of his/her being Director/KMP in the entity or holding certain shareholding percentage. Such notice shall be provided to the company at the time of appointment and also at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made.

Identification of Potential Related Party Transactions:

The company has decided that each director and key managerial personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

V. Terms of the Policy:

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

b. All the Related Party Transactions proposed to be entered shall require prior approval of the Audit Committee including the transactions to be entered in the ordinary course of business. The Audit Committee shall accordingly recommend the Related Party Transaction for the approval of Board of Directors/ Shareholders as per the terms of this policy.

c. All the Related Party Transactions prescribed under Section 188 of Companies Act, 2013 and within the threshold limits prescribed under Rule 15 sub rule (3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014, along with the Audit Committee Approval, shall also require approval of the Board of Directors.

d. All the Material Related Party Transactions and Related Party Transactions, exceeding the threshold limits prescribed under Rule 15, Sub rule(3) of Companies (Meetings of Board and its Powers) Second Amendment Rules,2014 shall require prior approval of the Audit Committee, Board of Directors and Shareholders of the company by way of Special Resolution.

e. However, Related Party Transactions which are either not at arm's length or not undertaken in the ordinary course of business shall require the prior approval of the Audit Committee, Board of Directors and the Shareholders by way of special resolution in order to allow the company to enter into arrangements/transactions/contracts with related party of the company as per the prescribed provisions of Companies Act, 2013 along with the rules made thereunder and the Listing Agreement.

VI. Review and Approval of Related Party Transactions:

All related party transactions must be reported to the Audit Committee for its prior approval in accordance with this policy. The Committee shall review the transaction and report the same for approval of the Board and shareholders, if required, in accordance with this policy.

VII. Disclosures

Every Director of the company who is in anyway, whether directly or indirectly, concerned, or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into—

(a) With a body corporate in which such director or such director in association with any other director, holds more than two percent shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or

(b) With a firm or other entity in which, such director is a partner, owner or member, as the case may be, shall disclose the nature of his concern or interest at the meeting of the Board in which the contractor arrangement is discussed and shall not participate in such meeting:

Provided that where any director who is not so concerned or interested at the time of entering into such contractor arrangement, he shall, if he becomes concerned or interested after the contractor arrangement is entered into, disclose his concern or interest for at the first meeting of the Board held after he becomes so concerned or interested.

(c) All Directors/KMPs are required to disclose the entities in which they or the relatives are or deemed to be interested, in the prescribed form.

(d) Each Director and KMP of the company shall promptly notify the company Secretary of the Company of any material transaction or Relationship that could reasonably be expected to give rise to any conflict of interest.

(e) The Company shall maintain Register pertaining to Related party transactions in the prescribed form.

(f) The Company will disclose in its Annual Financial Statements and Directors' Report, certain transactions between the Company and Related Parties as well as policy relating thereto as per Disclosure Requirement under the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(g) Details of all material transactions with related parties shall be disclosed, quarterly in the Compliance Report on Corporate Governance, as required under Listing Agreement.

VIII.Ratification:

1. Any Related Party Transaction entered into without obtaining the prior approval of the Audit Committee /Board/Shareholders (respective authority/ies) may be ratified, subject to the applicable provisions of the Companies Act, 2013 and the Listing Agreement, if upon post review of the said transaction/contract, the appropriate authority is satisfied, that the said Related Party Transaction is not detrimental to the interest to the company. However, the appropriate authority may also ratify such transaction or contracts, with or without the modification(s).

2. Where any contract or arrangement is entered into, without obtaining the consent of the Audit Committee, Board or approval by a Special Resolution in the General Meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contractor arrangement was entered into, such contractor arrangement shall be voidable at the option of the Board.

IX.Amendments to the Policy:

The Board of Directors on its own and/or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision/amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s)etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s),clarification(s),circular(s)etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s),circular(s), etc.

This Policy will be communicated to all operational employees and other concerned persons of the company and shall be placed on the website of the company at www.archidply.com