

***A G UNIVERSAL LIMITED***

**(F-1, 34/1 VIKAS APARTMENTS, EAST PUNJABI BAGH, NEW  
DELHI-110026, INDIA)**

**CIN: U25200DL2008PLC178400**

***RELATED PARTY TRANSACTION POLICY***

**Approved by Board of Directors at its meeting held on 26<sup>th</sup> August, 2023**

## PREAMBLE

The enactment of the Companies Act 2013 (the "Act"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and requirements under the Income Tax Act relating to Transfer Pricing both for International and Domestic transactions, has resulted into a significant importance on the compliances to be made on the Related Party Transactions. Pursuant to Regulation 23 of Listing Regulations, the Company is required to devise a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. A G Universal Limited (the "**Company**") recognizes that Related Party Transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its stakeholders' best interests.

### 1. PURPOSE AND SCOPE OF THE POLICY

The Objective of this Policy is to bring uniform practices relating to Related Party Transactions covering the process, methodology, arm's length pricing, approval mechanism, disclosures and compliance with the provisions of the Companies Act, 2013 and rules framed thereunder, Listing Regulations and the Transfer Pricing norms prescribed under the Income Tax Act, 1961 and Accounting Standards. Hence the Company seeks to formulate a robust Policy on Related Party Transactions to deal with the identification, review and approval of Related Party Transactions.

This Policy is applicable to all Related Party Transactions entered by the Company as per the Companies Act, 2013 and the Listing Regulations.

### 2. DEFINITIONS

For the purposes of this policy, the following definitions apply:

#### ➤ "RELATIVE"

As per the provisions of Section 2(77) of the Companies Act, 2013 means-

- (i) They are members of a Hindu Undivided Family;
- (ii) They are husband and wife; or
- (iii) One person is related to the other as under:
  - a) Father
  - b) Step Father
  - c) Mother
  - d) Step Mother
  - e) Son
  - f) Step-Son
  - g) Son's wife
  - h) Daughter
  - i) Daughter's Husband
  - j) Brother
  - k) Step-Brother
  - l) Sister and
  - m) Step-Sister

#### ➤ "RELATED PARTY":

##### a) As per Listing Regulations:

Related Party means a person or an entity:

- i) which is a related party under section 2(76) of the Companies Act, 2013; or
- ii) which is a related party under the applicable accounting standards.
- iii) any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

**b) As per The Companies Act, 2013**

Related Party under section 2(76) of the Companies Act, 2013 and rules made thereunder are as follows-

- (i) A director or his relative;
- (ii) A key managerial personnel (KMP) 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 or holds along with his relatives, more than two per cent of its paid-up share capital;
- (vi) Anybody 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 Company which is-
  - (A) a holding, subsidiary or an associate company of such company; or
  - (B) a subsidiary of a holding company to which it is also a subsidiary; or
  - (C) an investing company or the venture of the company
- (ix) A Director (other than an Independent Director) or Key Managerial Personnel of the holding company or his relative with reference to a company, shall be deemed to be a Related Party,

**c) As per Accounting Standard 18:**

parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

Control – (a) ownership, directly or indirectly, of more than one half of the voting power of an enterprise, or  
(b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise, or  
(c) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.

**d) As per Section 40A(2)(b) of Income Tax Act 1961:**

- The persons referred to in clause (a) of are the following, namely: -
- i. where the assessee is an individual - any relative of the assessee;
  - ii. where the assessee is a company, firm, association of persons or Hindu undivided family - any director of the company, partner of the firm, or member of the association or family, or any relative of such director, partner or member;
  - iii. any individual who has a substantial interest in the business or profession of the assessee, or any relative of such individual;
  - iv. a company, firm, association of persons or Hindu undivided family having a substantial interest in the business or profession of the assessee or any director, partner or member of such company, firm, association or family, or any relative of such director, partner or member or any other company carrying on business or profession in which the first mentioned company has substantial interest;

- v. a company, firm, association of persons or Hindu undivided family of which a director, partner or member, as the case may be, has a substantial interest in the business or profession of the assessee; or any director, partner or member of such company, firm, association or family or any relative of such director, partner or member;
- vi. any person who carries on a business or profession, -
  - (A) where the assessee being an individual, or any relative of such assessee, has a substantial interest in the business or profession of that person; or
  - (B) where the assessee being a company, firm, association of persons or Hindu undivided family, or any director of such company, partner of such firm or member of the association or family, or any relative of such director, partner or member, has a substantial interest in the business or profession of that person.

### **Explanation**

For the purposes of this sub-section, a person shall be deemed to have a substantial interest in a business or profession, if, —

- (a) in a case where the business or profession is carried on by a company, such person is, at any time during the previous year, the beneficial owner of shares (not being shares entitled to a fixed rate of dividend whether with or without a right to participate in profits) carrying not less than twenty per cent of the voting power; and
- (b) in any other case, such person is, at any time during the previous year, beneficially entitled to not less than twenty per cent of the profits of such business or profession.

### ➤ **“RELATED PARTY TRANSACTION” means**

#### **a) As per Listing Regulations**

Related party transaction means a transfer of resources, services or obligations between a Listed entity and a Related Party, 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.

#### **b) As per Section 188 of the Companies Act, 2013**

Any contract or arrangement with respect to the following shall be considered as a Related Party Transaction:

- ✚ sale, purchase or supply of any goods or materials;
- ✚ selling or otherwise disposing of, or buying, property of any kind;
- ✚ leasing of property of any kind;
- ✚ availing or rendering of any services;
- ✚ appointment of any agent for purchase or sale of goods, materials, services or property; such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- ✚ under writing the subscription of any securities or derivatives thereof of the Company.

#### **c) As per Section 177 of the Companies Act, 2013**

Any transaction or any subsequent modification of transactions of the Company with related parties.

### **“Related Party Transactions which are not in Ordinary Course of Business or not at an Arm's Length”:**

Pursuant to Section 188 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, except with the prior approval of the Company by a Resolution, the Company shall not enter into a transaction or transactions, if the Related Party Transactions are not in Ordinary Course of Business or not at an Arm's Length and exceeds the prescribed criteria as given below.

S. No.	Transaction or Contract or Arrangement with Related Party	Prescribed criteria for Related Party Transactions which are not in Ordinary Course of Business or not at an Arm's Length
1	Sale, purchase or supply of any goods or materials (directly or through appointment of agents)	Exceeding 10% or more of the turnover of the company
2	Selling or otherwise disposing of, or buying, property of any kind (directly or through appointment of agents)	Exceeding 10% or more of net worth of the company
3	Leasing of property of any kind	Exceeding 10% or more of turnover of the company
4	Availing or rendering of any services directly or through appointment of agents	Exceeding 10% or more of the turnover of the company
5	Appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration	Exceeding INR 2.5 lakhs as mentioned
6	Remuneration for underwriting the subscription of any securities or derivatives thereof of the company	Exceeding 1% of the net worth

\*Applies to transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- **“MATERIAL RELATED PARTY TRANSACTIONS”**: means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year, exceeding the following thresholds:
  - In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements;
  - In case of any other transaction(s), if the amount exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per its last audited financial statements.
- **“ARMS’ LENGTH TRANSACTION”**: 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.
- **“ASSOCIATE COMPANY”**: As per the Provisions 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.

Explanation: For the purposes of this clause, “significant influence” means control of at least 20% of total voting power, or control of or participation in business decisions under an agreement.

- **“HOLDING COMPANY”**: as per the Provisions of Section 2(46) of the Companies Act, 2013, Holding Company, in relation to one or more companies means a company of which such companies are subsidiary companies.

➤ **“KEY MANAGERIAL PERSONNEL (KMP)”** means

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

➤ **“NET WORTH”** means the aggregate value of the paid-up share capital and all reserves created out of the profits (securities premium account and debit or credit balance of profit and loss account], after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation;

➤ **“OFFICE OR PLACE OF PROFIT”**

Office or place of profit means any office or place:

- (i) Where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration, over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- (ii) Where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

➤ **“ORDINARY COURSE OF BUSINESS”**

Ordinary course of business shall include the usual transactions, customs and practices of the company, or transactions permitted by the Object Clause in the Memorandum of Association of the Company, or transactions that are considered while computing the business income/ revenue/ turnover of the Company as opposed to “income from other sources”.

➤ **“SUBSIDIARY COMPANY”**

as per the Provisions of Section 2(87) of the Companies Act, 2013, “subsidiary company” or “subsidiary”, in relation to any other company (that is to say the holding company), means a company in which the holding company—

- (i) Controls the composition of the Board of Directors; or
- (ii) Exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies.

➤ **“TURNOVER”** means the aggregate value of the realisation of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the Company during a financial year.

### **3. POLICY**

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

#### **3.1 IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS**

- Each director and Key Managerial Personnel are responsible for providing Notice to the Company Secretary of any potential Related Party Transaction involving him/ her or his or her relative, including any additional information about the transaction that the Board/ Audit Committee may request, for being placed before the Audit Committee and the Board. The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.
- The Company strongly prefers to receive such notice of any potential Related Party Transaction at least 10 days in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

#### **3.2 REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION BY THE AUDIT COMMITTEE**

Every Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolutions by circulation, except transactions with wholly owned subsidiaries which requires only approval (and not prior approval) of the Audit Committee. Any member of the Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

- The Audit Committee of the Board will review and, if appropriate, approve Related Party Transactions. Accordingly, at first meeting of the Audit Committee in every financial year, management shall present to the Committee the following information with respect to all Related Party Transactions expected to be entered into during that calendar year:
  - a) The name of the Related Party and nature of relationship.
  - b) The nature, duration of the contract and particulars of contract or arrangement;
  - c) The material terms of the contract or arrangement including the value, if any;
  - d) Any advance paid or received for the contract or arrangement, if any;
  - e) The manner of determining the pricing and other commercial terms both included as part of contract and not considered as part of the contract;
  - f) 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;
  - g) Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction; and
  - h) any other information relevant or important for the Board to take a decision on the proposed transaction.

In determining whether to approve a Related Party Transaction, the Committee shall consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- 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;
- Whether there are any undue compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of the directors/ key managerial personnel;

- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company; and
- Whether the Related Party transaction would present an improper conflict of interest for any director or Key Managerial Personnel 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, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/ Committee deems relevant.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

### **3.3 APPROVAL OF TRANSACTIONS BY THE BOARD OF DIRECTORS**

- The Audit Committee or the Board shall, in respect of the related party transactions referred to them for approval, shall after considering the materials placed before them, shall judge if the transaction is the ordinary course of business or at arm's length basis. In case the Audit Committee is not able to arrive at such a decision, the same shall be referred to the Board, which shall decide if the transaction is the ordinary course of business or at arm's length basis.
- For transactions covered under Sec 188 of the Companies Act, 2013 as stated below will require Board's approval if not at arm's length and not in the ordinary course of business:
  - a) sale, purchase or supply of any goods or materials;
  - b) selling or otherwise disposing of, or buying, property of any kind;
  - c) leasing of property of any kind;
  - d) availing or rendering of any services;
  - e) appointment of any agent for purchase or sale of goods, materials, services or property;
  - f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and

### **3.4 SHAREHOLDERS' APPROVAL**

- The Audit Committee shall report all "Material Related Party Transactions" to the Board of Directors. Material Related Party Transactions as specified above in this regulation.

The Company will also seek approval for "material related party transactions" from unrelated shareholders' in the subsequent general meeting of the year in which the related party transaction is undertaken.

- All the transactions, other than the Material Related Party Transaction, with the related parties which are not in the Ordinary Course of Business or at Arms' Length Basis shall also require the approval of the shareholders through resolution if the specified thresholds are met and the Related Parties interested in the contract/arrangement shall abstain from voting on such resolution.



The specified thresholds are as listed below:

S. No.	Transaction or Contract or Arrangement with Related Party	Prescribed criteria for Related Party Transactions which are not in Ordinary Course of Business or not at an Arm's Length
1	Sale, purchase or supply of any goods or materials (directly or through appointment of agents)	Exceeding 10% or more of the turnover of the company
2	Selling or otherwise disposing of, or buying, property of any kind (directly or through appointment of agents)	Exceeding 10% or more of net worth of the company
3	Leasing of property of any kind	Exceeding 10% or more of turnover of the company
4	Availing or rendering of any services directly or through appointment of agents	Exceeding 10% or more of the turnover of the company
5	Appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration	Exceeding INR 2.5 lakhs as mentioned
6	Remuneration for underwriting the subscription of any securities or derivatives thereof of the company	Exceeding 1% of the net worth

**\*Applies to transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.**

### 3.5 RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

The objectives of the Company are subject to both external and internal risks that are enumerated below: -

- In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its completion, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the 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 failure of the internal control systems, and shall take any such action it deems appropriate.

### 4. REPORTING REQUIREMENTS

- Disclosure will be made in the Company's Annual Report of the particulars of the contract and arrangement along with the justification for entering into such contracts/ arrangements with the Related-parties as part of Directors' Report. Form AOC 2 prescribes the manner in which disclosure is to be made in the Director's Report.
- The Company will also disclose the details of all material related party on a quarterly basis along with the compliance report on corporate governance filed with the stock exchanges as per LODR.

## 5. NOTICE TO THE READER

- This policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of the LODR.
- In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.
- This policy shall be reviewed by the Audit Committee and the Board of Directors as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Board. Any changes or modification on the policy would be approved by the Audit Committee and the Board of Directors.