

**GINNI FILAMENTS LIMITED**  
**POLICY ON RELATED PARTY TRANSACTIONS**

**1. Preamble**

The Board of Directors (the "Board") of GINNI FILAMENTS LIMITED (the "Company" has adopted the following policy and procedures with regard to Related Party Transactions.

This Policy on the Related-Party Transactions (the "Policy") of the Company set forth the procedures to be followed for approval/ratification of Related Party Transactions in compliance with applicable laws and regulations.

**2. Purpose**

This policy is framed as per requirement of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) entered by the Company with the Stock Exchanges.

The Company intends that all Related Party Transactions are undertaken on Arms Length Basis in the best interest of the Company and all its shareholders. It also intends the proper approval and reporting of the Related Party Transactions.

**3. Definitions:**

The terms included in this Policy shall have the meaning as defined under the Companies Act, 2013 read with SEBI Listing Regulations / other related laws, as amended and applicable from time to time.

- a) "**Audit Committee or Committee**" means Audit Committee of Board of Directors of the Company constituted under the provisions of SEBI Listing Regulations and Companies Act, 2013.
- b) "**Arm's length Basis**" means basis and principles followed for conduct of transactions between two unrelated parties, with no conflict of interest.
- c) "**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,

- (a) "significant influence" means control of at least twenty per cent. of total voting power, or control of business decisions under an agreement
  - (b) The expression "joint venture" means a joint agreement whereby the parties that have joint control of the arrangement;
- d) "**Board**" means Board of Directors of the Company
  - e) "**Company**" means Ginni Filaments Limited.
  - f) "**Key Managerial Personnel**" means any key managerial personnel as defined under the Companies Act, 2013 and includes
    - (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;



- g) **“Ordinary Course of business”** means all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing of guarantees or collaterals, in the ordinary course of its trade or business.
- h) **“Related Party”**, with reference to a company, means—
- (i) a director or his Relative;
  - (ii) a Key Managerial Personnel or the relative of such Key Managerial Personnel;(KMP)
  - (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 and hold is a director and holds along with his Relatives, more than two per cent. 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, unless given in a professional capacity;
  - (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act, unless 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;
    - (C) an investing company or the venturer of the company
  - (ix) A director (other than Independent director) or key managerial personnel of the holding company or his relative with reference to a company.
  - (x) such entity is a related party under the applicable Accounting Standards which states that Related 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.
  - (xi) any person or entity forming a part of the promoter or promoter group of the listed entity.
  - (xii) any person or any entity, holding equity shares of ten per cent or more in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year.
- i) **“Relative”**, with reference to any person, means anyone who is related to another, if—
- (i) they are members of a Hindu Undivided Family;
  - (ii) they are husband and wife; or
  - (iii) father, mother, son, son's wife, daughter, daughter's husband, brother, sister.
- j) **“Related Party Transactions” (RPTs)** means any contract or arrangement with a Related Party with respect to:
- (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
- (g) underwriting the subscription of any securities or derivatives thereof, of the company;
- (h) a transaction involving a transfer of resources, services or obligations between:
  - (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
  - (ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries,

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:

#### 4. Policy on related party transactions

The policy describes the procedure to be followed along with the reporting and disclosure requirements for the transactions entered between the Company and its Related Parties. Such transactions shall be deemed appropriate only if they are in the best interest of the Company and its shareholders. In order to ensure the same and to set forth the procedure for entering into and execution of transactions with Related Party, the board of directors of the Company has adopted this Policy.

##### 4.1 Procedure for identification of potential related parties

- Once a year, declarations will be obtained by the Company Secretary or Compliance Officer as the case may be from the Directors and KMP and other related parties within the meaning of Section 2(76), 184 and 189 of the Act and LODR in the prescribed format.
- The declarations will also be required to be updated by the Directors and KMP regularly immediately upon a change taking place.
- Any individual appointed/elected as a director or KMP shall be responsible to promptly complete and submit to the Company Secretary or Compliance Officer as the case may be, the disclosure declaration referred to above.

##### 4.2 Identification of potential related party transactions

Each director and Key Managerial Personnel is responsible for providing Notice to the Board or Audit Committee of any potential RPT involving him/her or his/her relative, including any additional information about the transaction that the Board or Audit Committee may request. The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a RPT requiring compliance with this Policy.

The Company strongly prefers to receive such notice of any potential transactions with Related Party well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.



### 4.3 Approval of Related Party Transactions

#### 4.3.1 Prior approval of Audit Committee

All Transactions with Related Party of the Company as prescribed under the Act and LODR and subsequent material modifications shall require prior approval of Audit Committee, whether at a meeting or by Resolution by circulation. However, the Audit Committee may grant omnibus approval for such Transactions proposed to be entered into by the Company subject to the following conditions:-

1. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on RPTs of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
2. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
3. Such omnibus approval shall specify the following:
  - i. the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
  - ii. the indicative base price / current contracted price and the formula for variation in the price if any and;
  - iii. such other conditions as the Audit Committee may deem fit;

Provided that where the need for RPT cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees One crore per transaction.

4. In case where RPT as defined under that Act are not in ordinary course of business or not on arm's length basis or both, such RPT will also require prior approval of Board of Directors of the Company.
5. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.

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

Any member of the Audit Committee who has a potential interest in any RPT will abstain from discussion and voting on the approval of the RPT.

#### 4.3.2 Prior approval of Board of Directors under the Act

RPTs within the scope of Section 188 of the Act, which are either not in the Ordinary Course of Business or are not at Arms' Length shall require prior approval of the Board of Directors.

In the above context, where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the



subject matter of the resolution relating to such contract or arrangement, and shall also not vote on such resolution.

#### 4.3.3 Shareholders' approval requirements

Shareholder's approval shall be sought in the following cases as per the requirements of the Act:

- RPTs covered within the scope of Section 188 of the Act; which are either not in the 'Ordinary Course of Business' or are not on an 'Arm's Length Basis' and exceed the threshold prescribed under the rules made thereunder, shall require prior approval of the shareholders through special resolution.
- No member of the Company shall vote in a special resolution where a related party contract or arrangement is being considered if such a member is a related party in the context of the contract or arrangement which is being considered.

Shareholder's approval shall be sought in the following cases as per the requirements of LODR:

All Material RPTs and subsequent material modifications covered within the scope of LODR shall require approval of the shareholders as required by law from time to time..

- However, the above shall not be applicable to:
  - transactions between Ginni Filaments Limited and its wholly owned subsidiary whose accounts are consolidated with Ginni Filaments Limited and placed before the shareholders at the general meeting for approval; and
  - Such other transactions as may be exempted by LODR, if not covered under the Act.

- Materiality thresholds:

A transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

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

Regulation 23 of LODR requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required. None of the related parties of a company shall vote to approve on such resolution irrespective of whether the entity is a related party to the particular transaction or not.





The Company has fixed the following materiality threshold for the purpose of Regulation 23(1) of LODR:

Sr. No.	Description of Transaction	Threshold Limits
1	Sale, purchase or supply of any goods or materials	10% or more of the turnover of the Company
2	Selling or otherwise disposing of or buying property of any kind	10% or more of the net worth of the Company
3	Leasing of property of any kind	10% or more of the turnover of the Company
4	Availing or rendering of any services	10% or more of the turnover of the Company
5	Appointment to any office or place of profit in the Company	Monthly remuneration exceeding rupees two and half lakh rupees
6	Underwriting the subscription of any securities or derivatives	Remuneration exceeding 1% of the net worth of the Company

Explanation: all the transactions mentioned above should be taken individually or together with previous transactions during a financial year and the annual consolidated turnover and net worth shall be computed on the basis of last audited financial statements of the Company.

#### 4.4 Related party transactions not approved under this policy

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 consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding such transaction and shall evaluate all options available to the Company, including ratification, revision or termination of such Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Transaction to the Committee under this Policy and failure of the internal control systems and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify such Transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party, etc.

#### 4.5 Disclosures

- Disclosures with respect to Transactions with Related Party shall be made as per applicable provisions of the Act and LODR.
- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.



- This policy shall also be uploaded on the website of the Company at [www.GinniFilaments.com](http://www.GinniFilaments.com) and a weblink thereto shall be provided in the Annual Report of the Company.

#### **4.6 Scope Limitation**

In the event of any conflict between the provisions of this Policy and of LODR / the Act or any other statutory enactments, rules, then later shall prevail.

#### **4.7 Amendments to the Policy**

The board of directors of the Company reserves the right to modify and/or amend this Policy at any time subject to the provisions of LODR and the Act and Rules framed thereunder.

