

Policy On Related Party Transactions

❖ INTRODUCTION

The Board of Directors ('the Board') of HIGH STREET FILATEX LIMITED ('the Company') has approved and adopted this policy on materiality of related party transactions and on dealing with related party transactions under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) 2015 ('the Regulations'), to be effective from 01st December 2015.

The Audit Committee will review the Policy as and when required and recommend to the Board for their approval the amendments to be made in the Policy from time to time.

❖ OBJECTIVE OF THE POLICY

The High Street Filatex Limited (the "Company") recognizes that Related Party Transactions (as defined below) can present potential or actual conflicts of interest and may raise questions about whether such transactions are in the best interest of the Company and its shareholders. Therefore, this policy has been adopted by the Company's Board of Directors, to ensure high standards of Corporate Governance while dealing with Related Parties (as defined below) and sets forth the procedures under which the RPT must be reviewed, approved or ratified and reported.

❖ DEFINITIONS

1. **'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.
2. **'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 definition, 'significant influence' means control of at least 20% of the total share capital, or of business decisions under an agreement.

3. **"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.
4. **"Relative"** means relative as defined under sub section (77) of section 2 of the Companies Act ,2013 and rules prescribed thereunder.
5. **"Related Party Transactions"** means transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

Explanation: A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.

6. **"Material Related Party Transaction"** means a transaction with a related party if 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 listed entity.

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7. Transactions in "ordinary course of business" shall mean and include- -

- Transactions that are entered in the normal and usual course of business and are identical to the business of the company.
- Transactions that are reasonable in the context of the business of the company. Transactions that are part of the standard industry practice.

8. "Audit Committee" means a committee of the Board of Directors of the Company as constituted under the relevant provisions of the Companies Act, 2013 and the Regulations, to function as an audit committee.

9. "Board of Directors" means Board of Directors of the Company.

❖ **MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS**

A. Approval of The Audit Committee("AC")

1. All transactions which are identified as a related party transactions ("RPT") should be preapproved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the RPTs for its approval.

2. All RPTs shall require prior approval of the AC. Approvals may be of the following two types:

a) . Specific approval, in case of each RPT, where the RPT is non-repetitive in nature; and

b). Omnibus approval, in case of such RPTs which are repetitive in nature. The omnibus approval shall specify:

- (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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 related party transaction 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.

3. the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.

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

5. The AC shall review with the management the Annual Financial Statements and Auditor's Report thereon before submission to the board for approval, with particular reference to disclosure of any RPTS. The AC shall also mandatorily review the statement of significant RPTs (as defined by the AC), submitted by management.

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As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business and at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- i. Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- ii. Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- iii. Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval;
- iv. Transactions meeting the materiality thresholds, which are required to be placed before the shareholders for approval.

C. Approval of Shareholders of the Company

1. All the **Material RPTs** within the meaning of the Regulations shall require approval of the shareholders of the company through Resolution.
2. Related Parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.
3. All the RPTs within the meaning and as specified in the relevant provisions of the Companies Act, 2013, which requires shareholders approval, must only be entered into with the approval of the shareholders along with other requirements specified under the relevant provisions.

❖ DISCLOSURE REQUIREMENTS

- A. Details of all material RPTs shall be disclosed to stock exchange quarterly along with the compliance report on corporate governance.
- B. The Company shall disclose the policy on dealing with Related Party Transaction on its website and web-link shall be provided in the Annual Report.
- C. Also disclosure of RPTs must be made as required under the relevant provisions of the Listing Regulations.
- D. Disclosure with regard to the RPTs must also be made in accordance with the provisions of the Companies Act, 2013.

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❖ LIMITATION AND AMENDMENT

- In the event of any conflict between the provisions of this Policy and of the Listing Regulations or the Companies Act, 2013, the provisions of such Listing Regulations or the Companies Act, 2013 shall prevail over this Policy.
- The Board reserves its right to amend or modify this Policy in whole or in part, at any time, when it deems appropriate, in accordance with any amendment to the applicable provisions of Companies Act, 2013, including rules thereof and / or the provisions of the Listing Agreement.
- 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.highstreetfilatex.com