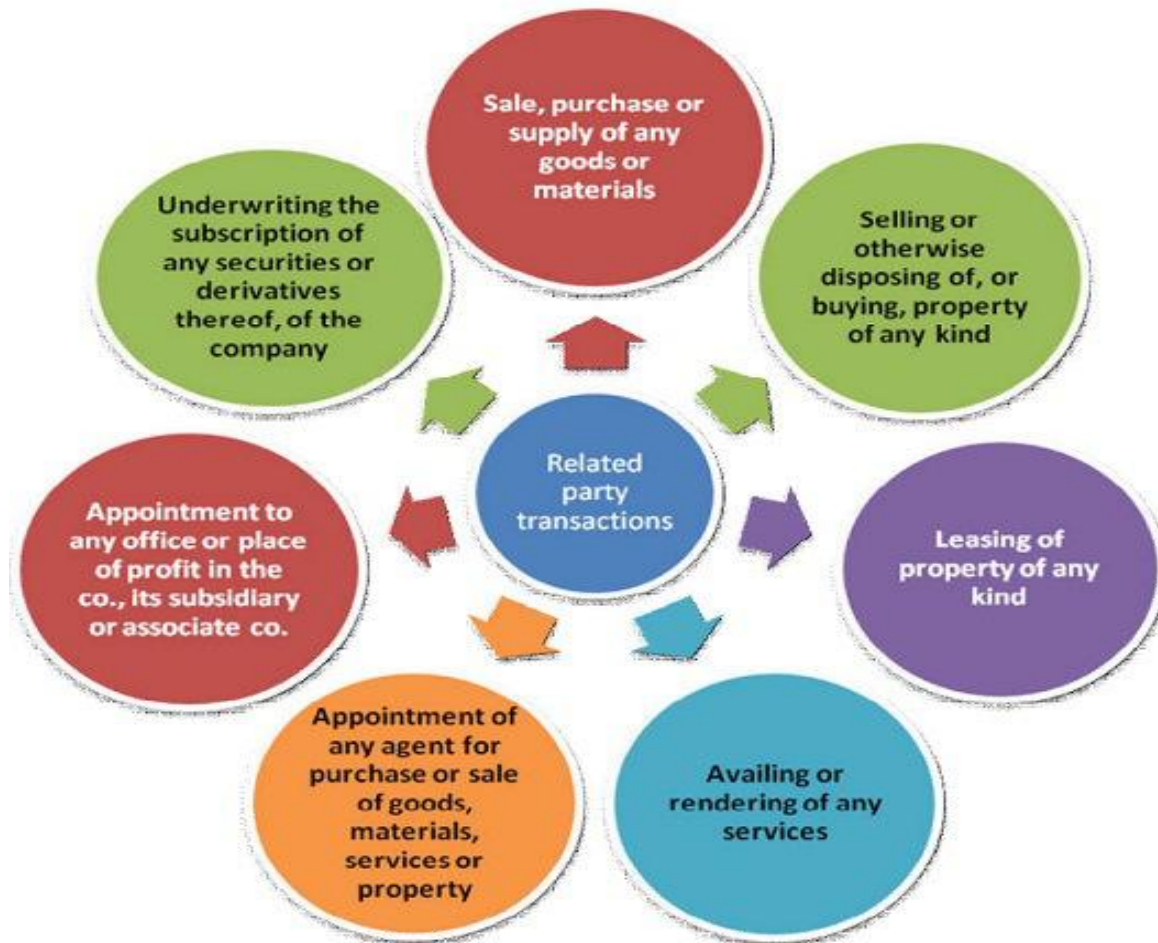




# RELATED PARTY TRANSACTION POLICY



## SUNIL HEALTHCARE LIMITED

**Registered cum Corporate Office**

38E/252A, Vijay Tower, Shahpurjat, New Delhi-110049 India

**Plant & Works**

17/18, Old Industrial Area, Alwar -301001 Rajasthan



## 1. Preamble

The Company is committed to practicing the maximum transparency in the conduct of Related Party Transactions with its corporate governance philosophy based on the objective of continuing ethical conduct in fulfilling its responsibilities and recognizes that Related Party Transactions can present a risk of actual or apparent conflicts of interest of the Directors, Senior Management etc. with the interest of the Company.

The Board of Directors (the "Board") of **Sunil Healthcare Limited** (the "Company" or "**SHL**"), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time.

This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

## 2. Purpose

This policy is framed as per requirement of Section 188 of the Companies Act-2013 read with relevant Rules as well as the Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges and intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time. The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

The policy also seeks to ensure that related party transactions are appropriately reported to the regulatory authorities and are also in compliance with other regulatory requirements like the Income Tax Act, 1961, the Accounting Standards, etc. The Audit Committee of Board ('Audit Committee'), shall review, approve and where permitted ratify Related Party Transactions based on this Policy in terms of the requirements under the above regulatory provisions as applicable.

## 3. Definitions

**"Audit Committee or Committee"** means Committee of Board of Directors of the Company constituted under provisions of Clause 49 of the Listing Agreement and Companies Act, 2013.

**"Board"** means Board of Directors of the Company

**"Control"** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

**"Key Managerial Personnel"** means key managerial personnel as defined under the Companies Act, 2013 and includes:-



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

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

**“Policy”** means Related Party Transaction Policy.

**“Related”** means 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 applicable accounting Standards.

**“Related Party Transaction”** means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged and includes:

Pursuant to Section 188 of the Companies Act, 2013, Related Party Transactions mean, 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 the 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;
- g) Underwriting the subscription of any securities or derivatives thereof, of the Company;

**(The above is an indicative list and not an exhaustive one).**

Explanation: A "transaction" with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

**“Relative”** means relative as defined under the Companies Act, 2013 and includes 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 (including step-father)
- iv. Mother ( including step-mother)
- v. Son ( including step-son)
- vi. Son's wife
- vii. Daughter



- viii. Daughter's husband
- ix. Brother ( including step-brother)
- x. Sister (including step-sister)

The terms **Director, Chief Financial Officer, Company Secretary**, shall have the same meaning as assigned under the Companies Act, 2013.

#### **4. Policy**

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

##### **4.1 Procedures for review and approval of Related Party Transactions**

- (a) All Related Party Transactions or changes therein must be reported by the Chief Financial Officer, Head of Accounts Department, and to the Compliance Officer and referred for prior approval by the Audit Committee in accordance with this Policy.
- (b) The Audit Committee will undertake an evaluation of the Related Party Transaction. If that evaluation indicates that the Related Party Transaction would require the approval of the Board, or if the Board in any case elects to review any such matter, the Audit Committee will report the Related Party Transactions, together with a summary of material facts, to the Board for its approval.
- (c) If the Board is of the view that the Related Party Transaction needs to be approved at a general meeting of the shareholders by way of a special resolution pursuant to Companies Act, 2013 and any other applicable law, the same shall be put up for approval by the shareholders of the Company. Prior approval of the shareholders by special resolution is required in case of all material RPT as per Clause 49 of the Listing Agreement and Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014.
- (d) If prior approval of the Audit Committee / Board / general meeting for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee and the Board / general meeting, if required, within 3 months of entering in the Related Party Transaction.
- (e) In any case where either the Audit Committee/ Board / a general meeting determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee or Board or the general meeting, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation of the transactions, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee/ Board has authority to modify or waive any procedural requirements of this Policy.
- (f) In determining whether to approve or ratify a Related Party Transaction, the Audit Committee/ Board will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on term no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Person's interest in the transaction.
- (g) No director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the director / Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee/ Board.
- (h) If a Related Party Transaction will be ongoing, the Audit Committee may establish guidelines for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be in respect of transactions which are repetitive in nature.
- (i) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- (j) The omnibus approval shall specify (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 case 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.

- (k) Thereafter, the Audit Committee, shall review at least on a quarterly basis, the details of RTPs entered into by the Company pursuant to each of the omnibus approval given.
- (l) The omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- (m) In addition, the Audit Committee/ the Board may review any Related Party Transactions involving independent directors as part of the annual determination of their independence.
- (n) Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

#### **4.2 Standards for Review**

A Related Party Transaction reviewed under this Policy will be considered approved or ratified if it is authorised by the Audit Committee/Board, as applicable, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction. As appropriate for the circumstances, the Audit Committee or Board, as applicable, shall review and consider.

- (a) the Related Party's interest in the Related Party Transaction;
- (b) the approximate amount involved in the Related Party Transaction;
- (c) the approximate amount of the Related Party's interest in the transaction without regard to the amount of any profit or loss;
- (d) whether the Related Party Transaction was undertaken in the ordinary course of business of the Company;
- (e) whether the transaction with the Related Party is proposed to be, or was, entered on an arms' length basis;
- (f) the purpose of, and the potential benefits to the Company from the Related Party Transaction;
- (g) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transaction, if any;
- (h) Whether the Related Party Transaction includes any potential reputational risk issues that may arise as a result of or in connection with the Related Party Transaction
- (i) Whether the Related Party Transaction would impair the independence of an otherwise independent director or nominee director;
- (j) Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification would be detrimental to the Company;
- (k) Whether the Related Party Transaction would present an improper conflict of interest, as per provisions of law, for any director or Key Managerial Personnel, taking into account the size of the transaction, the overall financial position of the Related Party, the director or indirect nature of the Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee/Board deems relevant.
- (l) Required public disclosure, if any ; and
- (m) Any other information regarding the Related Party Transaction or the Related Party in the context of the proposed transaction that would be material to the Audit Committee/ Board/ shareholders, as applicable in light of the circumstances of the particular transaction.



The Audit Committee/Board will review all relevant information available to it about the Related Party Transaction. The Audit Committee/Board, as applicable, may approve/ ratify/ recommend to the shareholders, the Related Party Transaction only if the Audit Committee/Board, as applicable, determines in good faith that, under all of the circumstances, the transaction is fair as to the Company. The Audit Committee/ Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction.

#### **4.3 Determination of Ordinary Course of Business**

“In the 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 normal routine in managing trade or business and is not a standalone transaction. The Company should take into account the frequency of the activity and its continuity carried out in a normal organised manner for determination what is in the ordinary course business.

#### **4.4 Determination of Arms’ length nature of the Related Party Transaction**

##### **(a) Price Determination**

At the time of determination the arms’ length nature of price charged for the Related Party Transaction, the Audit Committee shall take into consideration the following:

- (i) Permissible methods of arms’ length pricing as per Applicable Law including such prices where the benefits of safe harbour is available under Applicable Law.
- (ii) For the said purposes the Audit Committee shall be entitled to rely on professional opinion in this regard.

##### **(b) Underwriting and Screening of arms’ length Related Party Transaction**

- (i) A Related Party with whom the Related Party Transaction is undertaken must have been selected using the same screening /selection criteria/ underwriting standards and procedures as may be applicable in case of an unaffiliated party.
- (ii) The Chief Financial Officer shall produce evidence to the satisfaction of the Audit Committee for having applied the said procedure.

#### **4.5 Identification of Potential Related Party Transactions**

- (a) Each director/Key Managerial Personnel is responsible for providing written notice to the Compliance Officer of any potential Related Party Transaction involving him or her or his or her relatives, including any additional information about the transaction that the Compliance Officer may reasonably request. The Compliance Officer in consultation with other members of management and with the Audit Committee, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.





- (b) Every director/ Key Managerial Personnel of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting.
- (c) Where any director/ Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of Board held after he becomes so concerned or interested.
- (d) A contract or arrangement entered into by the company without disclosure or with participation by a Director / Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.
- (e) The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Compliance Officer has adequate time to obtain and review information about the proposed transaction and other matter incidental thereto and to refer it to the appropriate approval authority. Ratification of a Related Party Transaction after its commencement or even its completion may be appropriate in some circumstances.

#### **4.6 Disclosures**

- (a) The Company is required to disclose Related Party Transactions in the Company's Board's Report to shareholders of the Company at the Annual General Meeting.
- (b) Details of all Material Related Party Transactions shall be disclosed quarterly along with Company's Compliance Report on Corporate Governance, in accordance with the Listing Agreement.
- (c) The Company is also required to disclose this Policy on its website and also in the Annual Report of the Company.
- (d) The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party.

### **5 Related Party Transactions not approved under this Policy**

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, 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 shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.



## 6 SCOPE LIMITATION

In the event of any conflict between the provisions of this Policy and of the Listing Agreement / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Agreement / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

### **Contract or arrangement with a related party.-**

A company shall enter into any contract or arrangement with a related party subject to the following conditions, namely:-

- 1 The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose-
  - a) the name of the related party and nature of relationship;
  - b) the nature, duration of the contract and particulars of the 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; and
  - g) any other information relevant or important for the Board to take a decision on the proposed transaction.
- 2 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.
- 3 For the purposes of first proviso to sub-section (1) of section 188, except with the prior approval of the company by a special resolution- a company shall not enter into a transaction or transactions, where the transaction or transactions to be entered into –
  - (a) As contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188 with criteria, as mentioned below -
    - a. Sale, purchase or supply of any goods or materials directly or through appointment of agents exceeding ten percent. of the turnover of the company or rupees one hundred corer, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
    - b. Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents exceeding ten percent of net worth of the company or rupees one hundred corer, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
    - c. Leasing of property of any kind exceeding ten percent of the net worth of the company or ten percent of turnover of the company or rupees one hundred corer whichever is lower as mentioned in clause (c) of sub-section (1) of section 188;
    - d. Availing or rendering of any services directly or through appointment of agents exceeding ten percent of the turnover of the company or rupees fifty corer, whichever is lower as mentioned in clause (d) and clause (e) of sub-section (1) of section 188;





**Explanation.—** It is hereby clarified that the limits specified in sub-clauses (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- (b) is appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188; or
- (c) is remuneration for underwriting the subscription of any securities or derivatives thereof of the company exceeding one percent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

**Explanation.-**

1. The Turnover or Net Worth referred in the above sub-rules shall be on the basis of the Audited Financial Statement of the preceding financial year.
2. In case of wholly owned subsidiary, the special resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between wholly owned subsidiary and holding company.
3. The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 shall contain the following particulars namely:-
  - a. name of the related party ;
  - b. name of the director or key managerial personnel who is related, if any;
  - c. nature of relationship;
  - d. nature, material terms, monetary value and particulars of the contract or arrangement;
  - e. any other information relevant or important for the members to take a decision on the proposed resolution.”

**This policy has been approved by the Board of Directors of the Company in their meeting held on 11.02.2015**