



POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS

INTRODUCTION

This policy is intended to ensure proper approval and reporting of transactions between First Winner Industries Limited (the “Company”), its Indian subsidiary companies and its associate companies (together “the Group”) and the Related Parties in terms of the applicable laws and regulations.

OBJECTIVES

Related Party Transactions have been one of the major areas of focus for the corporate governance reforms being initiated by the Indian legislature.

The changes introduced in the Corporate Governance norms through the Companies Act, 2013 and Clause 49 of the Listing Agreement (as applicable) require the companies to have enhanced transparency and due process for approval of the Related Party Transactions.

One such requirement is that the companies are required to formulate a policy on ‘Materiality of Related Party Transactions and also on dealing with Related Party Transactions’.

The Board of Directors (the “Board”) of the Company has adopted Related Party Transactions Policy (this “Policy”) to set forth the procedures under which the transactions with Related Parties shall be considered for approval/ratification.

A) 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 conflict of interest.

“Material Related Party Transaction” means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds the thresholds as defined under the Companies Act, 2013 or Clause 49 of the Listing Agreement.

“Ordinary Course of Business” for the purpose of this policy will cover the businesses of the Company & its ‘Group’, usual transactions, customs and practices of a business including incidental and/or facilitative activities of the business of the Company and its ‘Group’. The following factors have been considered for determination of whether the transactions are in ordinary course of business:



- a. The objects of the company permit the activities undertaken
- b. There is a historical practice to conduct such activities
- c. A pattern of frequency to conduct such activities over a period of time, and
- d. The transactions are common in industrial practice.

“Related Party” in relation to the Company means a party related with the Company in any of the ways as are laid down in section 2(76) of the Companies Act, 2013 or Clause 49 of the Listing Agreement as amended from time to time or such entity is a related party under the applicable accounting standards.

“Related Party Transaction” means any transaction directly/indirectly 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.

B) IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Every Director, Key Managerial Personnel and Management Council Member of the Company is responsible for providing notice to the Board or the Audit Committee, of any potential Related Party Transaction involving him/her or his/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.

All Directors are required to declare and disclose their concerns or interests in any company or companies or bodies corporate at the first Board meeting in every financial year and subsequently whenever there is any change in disclosures. In addition, the Directors shall ensure that any business transactions entered into between the Company and themselves comply with the terms of this Policy.

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

C) REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

The Audit Committee is required to approve only related party transactions which are at arm's length and in ordinary course of business. However, in case, there are any transactions which are not at arm's length or which are concluded to be not in ordinary course of business, the Company would need the following additional approvals as mentioned hereunder:

1. Transactions with related parties which are in ordinary course of business of the Company and at arm's length shall be periodically disclosed to the Audit Committee/Board of Directors.
2. In case of transactions which are 'material' in nature and/or not in the ordinary course of business or not at arm's length, the management shall present the following



information to the Audit Committee/Board of Directors for approval of those Related Party Transactions as per the provisions of the Companies Act, 2013:

- a. 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 including the value, if any;
- e. the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as 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.

After reviewing such information, the members of the Audit Committee (without the participation of the interested Committee member(s), if any) shall approve or disapprove such transactions.

If the Board in any case elects to review any such matter or it is mandatory under any law for the Board to approve any Related Party Transaction, then 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.

The Company shall also seek prior approval of share holders by way of a special resolution (where the concerned related party shall not vote on such a resolution) for all Material Related Party Transactions and/or for such related party transactions whose value exceeds the limits as prescribed under the Companies Act, 2013 and the rules made there under.

3. The Audit Committee may grant omnibus approval for such Related Party Transactions which are unforeseen and repetitive in nature provided, the validity of such transactions is upto one year and the value does not exceed Rs. 1 crore per transaction.
4. If any material information with respect to any approved transaction has changed, the management shall provide the updated information to the Committee.

In terms of the revised Clause 49 (VII)(E) of the Listing Agreement, the approval of the Audit Committee and the shareholders shall not be required for the transactions entered into between the Company and its wholly owned subsidiaries, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or shareholders:



- i. Any transaction that involves paying of compensation to a Director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by Company and all holders of such securities receive benefits pro rata as the Related Party.

D) RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of any 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 the relevant facts and circumstances regarding the Related Party Transaction (including reasons of failure to report such transaction) and evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction.

E) DISCLOSURES

The Company shall make the following disclosures:

- a. The particulars of the contract and arrangement along with the justification for entering into such contracts/arrangements with the Related Parties shall be made in the Director's Report which forms a part of the Company's Annual Report.
- b. This Policy shall also be uploaded on the website of the Company and a web link there to shall be provided in the Annual Report.
- c. The details of all material transactions with related parties shall be disclosed on a quarterly basis along with the compliance report on corporate governance filed with the stock exchanges under Clause 49 of the Listing Agreement.
- d. Quarterly/Periodical update to the Audit Committee on all the related party transactions entered into by the Company.

F) POLICY REVIEW

The Audit Committee may review this policy from time to time and recommend any changes to the Board for approval.