

POLICY ON RELATED PARTY TRANSACTIONS



Asahi Songwon Colors Limited

CIN : L24222GJ1990PLC14789

OBJECTIVE

The Board of Directors of Asahi Songwon Colors Limited (“the Company”), on recommendation of the Audit Committee, has adopted this policy to regulate transactions of the Company by Related Parties in compliance with various applicable laws, including under the Companies Act, 2013 (the “Act”) and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as LODR), prescribed for related party transactions.

DEFINITIONS

- a) Related Party:** A Related Party shall have the same meaning as defined under the Act and the LODR.
- b) Related Party Transaction (“RPT”):** A Related Party Transaction is a transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged. A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.
- c) Materiality:** The materiality of any Related Party Transactions will be ascertained as per the thresholds prescribed under the LODR.
- d) Arm’s Length Basis:** Related Party Transactions will be treated to be on ‘Arm’s Length Basis’ if the key terms, taken as a whole, are comparable with those of similar transactions if they would have been undertaken with non-related parties.
- e) Ordinary Course of Business:** Related Party Transactions will be considered in ordinary course if they are entered in the normal course of the business pursuant to the objects of the Company as per the charter documents of the Company.

SCOPE AND EXCLUSION

- a) The Related Party Transactions should be in conformity with the prevailing rules and regulations prescribed by law.
- b) All Related Party Transactions shall be placed before the Audit Committee for prior approval of the Audit Committee, as required under the provisions of the Act and the LODR.
- c) The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature, provided that such approval shall remain valid for a period not exceeding one year, during which period the commercial terms of approved Related Party Transactions may change, provided that arm's length criterion shall be ensured at the time of each such change. Further, where the need for Related Party Transactions cannot be foreseen and requisite details are not available, the Audit Committee may grant omnibus approval for such transactions provided that the value of each such transaction shall not exceed Rs. 1 crore.
- d) Any Related Party Transaction which is not in the Ordinary Course of Business of the Company or not at Arm's Length Basis shall be effect only with prior approval of the Board of Directors of the Company, on recommendation of Audit Committee.
- e) All Related Party Transactions specified in the Act which are not Ordinary Course of Business of the Company or not at Arm's Length Basis; and exceed the thresholds laid down in Companies (Meeting of Board and its Power) Rules, 2014 shall be placed before the shareholders for its approval. Notwithstanding, the Related Party Transaction which cross the Materiality thresholds as defined herein shall be entered by the Company only with prior approval of shareholders of the Company, as per applicable provisions of the LODR, as may be amended from time to time.



- f) Subject to the applicable laws, the Audit Committee shall have the power to ratify, revise or terminate the Related Party Transaction, which are not in accordance with this Policy.
- g) **Exclusions:** The following shall not be deemed as a Related Party Transactions:
- i) Any transaction that involves the providing of compensation to a director by way of salary, fee, commission, perquisites, rent free accommodation or otherwise, in connection with his or her duties to the Company;
 - ii) Contributions made by the Company to a charitable organization, trust, foundation or university at which a related party is a trustee, director or employee other than key managerial personnel (or comparable position), provided that each such contribution, made in a particular financial year, does not exceed two per-cent (2%) of the Company's average net profit for the preceding three financial years;
 - iii) Any transaction in which the related party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the related party.

DISCLOSURE

The Policy shall be made available on the website of the Company - www.asahisongwon.com and a web link thereto shall be provided in the Company's Annual Report

INTERPRETATION

In any circumstance where the provisions of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the relevant law, rule, regulation or standard will take precedence over this Policy until such time as this Policy is changed to conform to the said law, rule, regulation or standard. In case of any clarification required with respect to this Policy, kindly contact the Company Secretary of the Company.