

***POCL***

**PONDY OXIDES AND CHEMICALS LIMITED**

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

## **Introduction & Purpose**

The Board of Directors of Pondy Oxides and Chemicals 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”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and any other laws and regulations as may be applicable to the Company, prescribed for related party transactions.

## **Definitions**

- a) **Related Party:** A Related Party shall have the same meaning as defined under the Act and the Listing Regulations including subsequent modification thereof.
- b) **Related Party Transaction (“RPT”):** A Related Party Transaction shall have the same meaning as defined under the Act and the Listing Regulations including subsequent modification thereof. A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.
- c) **Material Related Party Transaction:** Material Related Party Transaction means a 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 Listing Regulations.
- d) **Arm’s Length Basis:** RPT 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:** RPT 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.

## **Dealing with Related Party Transactions-**

- a) The RPTs should be in conformity with the prevailing rules and regulations prescribed by law.
- b) All RPTs shall be placed before the Audit Committee for prior approval of the Audit Committee, as required under the provisions of the Act and the Listing Regulations.
- c) Subject to conditions as mentioned in the Listing Regulations, the Audit Committee may grant omnibus approval for RPTs 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 RPTs may change, provided that arm’s length criterion and such other criteria as may be laid down by the Audit Committee in line with the provisions of SEBI (LODR), 2015.

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shall be ensured at the time of each such change. Further, where the need for RPTs 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 RPT which is not in the Ordinary Course of Business of the Company or not at Arm's Length Basis shall be affected only with prior approval of the Board of Directors of the Company on recommendation of Audit Committee.
- e) All RPT 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.
- f) Subject to the applicable laws, the Audit Committee shall have the power to ratify, revise or terminate the RPTs, which are not in accordance with this Policy.
- g) Any transaction that is specifically excluded from applicability of the related party provisions under the Act and / or Listing Regulations shall not require a separate approval under this policy.
- h) The Threshold limits of the Related Party Transactions shall be approved by the Board of Directors
- i) This policy shall be reviewed by the Board of Directors once in every 3 years.

#### **Material Related Party Transactions**

- a) All Material Related Party Transactions requires approval of the Shareholders by way of Special Resolution in addition to the approval of the Board of Directors and the Audit Committee.
- b) The Related Parties shall abstain from voting on such resolutions.

#### **Administrative Measures**

The Company's management shall institute appropriate administrative measures to ensure that all RPTs entered into by the Company are in compliance with applicable laws and this Policy. All persons dealing with the related party (ies) shall, irrespective of their level, be responsible for compliance with this Policy. The detailed processes relating to implementation of this Policy, as may be approved by the Audit Committee from time to time, shall be followed by all concerned.

The Internal Auditors of the Company shall review the RPTs entered into by the Company on a periodic basis and report their observations to the Audit Committee. The Company Secretary shall be responsible to maintain/update the list of related parties (as required by applicable laws) and provide the same to all concerned. It is the duty of all employees of the Company to ensure that they do not deal with related parties under any kind of influence or coercion. The cases involving any unwarranted pressure should be promptly reported as per mechanism provided under the Whistle Blower Policy of the Company.

**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.

**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 in accordance with this Policy prior to its consummation, thereafter shall be reviewed by the Audit Committee. The Audit 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 Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit 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 a related party 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. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

**Disclosure**

The Company is required to disclose in its Annual Financial Statements and Boards Report, certain transactions between the Company and Related Parties as well as policy relating thereto. The Related Party Transaction Policy shall be disclosed on the website of the Company i.e. [www.pocl.co.in](http://www.pocl.co.in) and a web link thereto shall be provided in the Annual Report.

**Amendments to the Policy:**

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision /amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.