**OLPAD AQUA LIMITED**
**CIN: U05005GJ2019PLC109438**
***(FORMERLY KNOWN AS OLPAD AQUA PRIVATE LIMITED)***

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

## PREAMBLE

The Board of Directors (the "Board") of the Company recognizes the importance of stakeholders' interest and their trust in the Company. To uphold this confidence and ensure transparent mechanism that avoids potential or actual conflict of interest on transactions with related parties, the Board has adopted a policy for determining materiality and dealing with related party transactions (the "Policy").

## PURPOSE

This Policy is framed keeping in fore the best interests of its stakeholders and the Corporate Governance requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and also the Companies Act, 2013 (the Act), as amended from time to time.

The purpose of the policy is to:

(a) Regulate transactions between the Company vis-à-vis its related parties with a view to ensure that such transactions are executed on an arm's length basis and in a transparent and fair manner.
(b) Seek necessary approvals of the Audit Committee/Board/Shareholders, as may be necessary, after providing necessary information to them in the prescribed manner.
(c) Outline the procedures for identification, review, disclosure and reporting of such transactions.

## MATERIALITY THRESHOLDS

A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per its last audited financial statements.

## MANNER OF DEALING WITH AND APPROVAL OF RELATED PARTY TRANSACTIONS

### A. Approval of related party transactions by Audit Committee:

All related party transactions should be referred to the Audit Committee of the Company for approval irrespective of its materiality, except for transactions entered into between the holding company and its wholly owned subsidiaries. The Audit Committee shall also approve any subsequent modification(s) to related party transactions.

The Audit Committee shall consider the following while determining approval to related party transactions-

(a) Nature of relationship with related party;
(b) Nature, duration, material terms, monetary values and particulars of the contract or arrangement;
(c) Any advance paid or received for the contract or arrangement, if any;
(d) The manner of determining the pricing and other commercial terms, both included as part of the contract and not considered as part of the contract;
(e) Whether the transaction is in the ordinary course of business and at arm's length basis; and
(f) Any other information relevant or important for the Audit Committee/Board to take a decision on the proposed transaction.

### Omnibus approval for related party transactions

The Audit Committee may grant omnibus approval for related party transactions (except for transactions in respect of selling and disposing of the undertaking of the Company) and such approval shall be applicable in respect of transactions which are repetitive in nature.

1. The Audit Committee shall grant omnibus approval as per following criteria:

   i. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
   ii. The omnibus approval shall provide:
      a. the name/s of the related party, nature of transaction, period of transaction;
      b. maximum amount of transaction that can be entered into;
      c. basis for arriving at the contracted price as per the Company's standard operating procedure;
      d. Specific reason for entering into contract with the related party (e.g. proximity to the plant, preference of the OEM, quality of service/ product delivered);
      e. Any other information relevant or important for the Audit Committee to take decision.
   iii. However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction.

2. Audit Committee shall review, at least on a quarterly basis, details of related party transactions entered into by the Company pursuant to each of the omnibus approval given.

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

4. Omnibus approval shall not be granted in respect of selling and disposing of the undertaking of the Company.

**B. Approval of the Board of Directors**

In accordance of provisions of Section 188 of the Act all related party transactions specified under the said section and which are not in the ordinary course of business or are not at arm's length shall be required to be placed before the Board for its approval.

**C. Approval of the Shareholders of the Company**

1. All transactions with a single related party during a financial year aggregating to over 10% of the last annual consolidated turnover of the Company will require approval of shareholders through resolution.

2. In addition to the above, the following transactions which are not in the ordinary course of business or are not at arm's length shall require approval by shareholders by way of a resolution.

| Details of transactions to be entered individually or taken together during a financial year | Minimum threshold requiring Shareholders Approval | | | |
|---|---|---|---|---|
| | Annual Turnover exceeding | Net Worth exceeding | Value of transaction(s) exceeding | Criteria |
| Sale, purchase or supply of any goods or material directly or through appointment of agent | 10% | - | Rs. 100 crores | Whichever is lower |
| Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agent | - | 10% | Rs. 100 crores | Whichever is lower |
| Leasing of property of any kind | 10% | - | Rs. 100 crores | Whichever is lower |
| Availing or rendering of any services directly or through appointment of agent | 10% | - | Rs. 50 crores | Whichever is lower |
| Appointment to any office or place of profit in the company, its subsidiary companies or associate companies at a monthly remuneration | - | - | Remuneration upto Rs.20.5 Lakh p.m. | - |
| Remuneration for underwriting the subscription of any security or derivatives thereof of the company | - | 1% | - | - |

The approval of shareholders will not be required for transactions entered into between the holding company and its wholly owned subsidiaries.

3. The turnover or net worth shall be on the basis of the Company's audited financial statements for the preceding financial year.

**RELATED PARTY TRANSACTION NOT APPROVED UNDER THIS POLICY**

1. Any transaction carried out without appropriate approval of the Audit Committee in accordance with this policy will be reviewed by it.
2. The Audit Committee shall examine the facts and circumstances pertaining to failure to report and any failure of the systems. The Committee shall take such action as it deems appropriate, including ratification, revision or termination of such related party transaction.
3. The Audit Committee may require further approval of the Board or Shareholders, if necessary.

**AMENDMENTS**

Any changes in the Policy on account of regulatory requirements will be reviewed and recommended by the Audit Committee and the Board. The Audit Committee/Board will give suitable directions/guidelines to implement the same.

**REGISTERS, DISCLOSURES AND REPORTING**

All the Directors and KMP from time to time as prescribed under the act, shall be required to make appropriate disclosure to the company under the Act the particulars relating to his/her concern or interest in any company, or companies or bodies corporate, firms, or other associations of individuals.

The company shall keep and maintain a register, physically or electronically, as may be decided by the board of directors, giving separately the particulars of all contracts or arrangements to which the policy applies.

Appropriate disclosures as required under the Act and the Listing Regulations will be made in the Annual Return, Board's Report and to the Stock Exchanges.

By order of the Board

**FOR OLPAD AQUA LIMITED**
***(Formerly known as Olpad Aqua Private Limited)***

**Sd/-**

**Nurularefin Irfanbhai Malek**
**Chairman and Managing Director**
**DIN:** 08531979