

Document Name	Related Party Transactions Policy	Document Number	DION/QMS/POL/HRP/50
Document Classification	Policy Document	Document Status	Effective 11 th November, 2014
Date of Release	12 th November, 2014	Version Number	1.2

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1. OBJECTIVE

The objective of the Related Party Transactions Policy is to regulate the transactions between the Company and its Related Parties in compliance with the requirements of Section 188 of the Companies Act, 2013 and Rules made thereunder and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**").

2. SCOPE

To ensure the proper approval and reporting of transactions as applicable between the Company and its Related Parties in the best interest of the Company and its Stakeholders.

3. DEFINITIONS

"**Act**" means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

"**Arm's Length Transaction**", as defined under the Act, means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arm's length basis, guidance may be taken from provisions of Domestic Transfer Pricing under Income Tax Act, 1961.

"**Associate Company**" as defined under the Act, in relation to another company, means a company in which that other company has a *significant influence*, but which is not a subsidiary company of the company having such significant influence and includes a joint venture company.

Explanation: For the purpose of the above, "Significant Influence" means control of at least 20% of the total share capital or of business decisions under an agreement.

Total Share Capital means the aggregate of the paid-up Equity Share capital and Convertible Preference Share capital.

"**Audit Committee**" or "**Committee**" means Committee of Board of Directors of the Company constituted under provisions of the Listing Regulations and the Act.

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

"**Company**" means the Dion Global Solutions Limited.

"**Control**" as defined under the Act, shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually in concert or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

"**Key Managerial Personnel**" means key managerial personnel as defined under the Act and includes

- i. the chief executive officer or the managing director or the Manager,

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- ii. the company secretary ;
- iii. the whole-time director ;
- iv. the chief financial officer ; and
- v. such other officer as may be prescribed

“Material Related Party Transaction” means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the company.

“Office or Place of Profit” means any office or place –

- where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

“Policy” means Related Party Transactions Policy.

“Related Party” means related party as defined in Regulation 2(1)(zb) of the Listing Regulations which is as follows:

An entity shall be considered as related to the Company, if:

- *such entity is a related party under Section 2(76) of the Companies Act, 2013; or*
- *such entity is a related party under the applicable accounting standards."*

Under Section 2(76) of the Companies Act, 2013, 'Related Party' with reference to a Company means:

- i. A 'Director' or his 'Relative';
- ii. 'Key Managerial Personnel' (KMP) or his 'Relative';
- iii. A firm in which a Director / Manager or his Relative is a Partner;
- iv. A Private Company in which a Director or Manager or his relative is a Member or Director;
- v. A Public Company in which a Director / Manager is a Director *and holds, along with his Relatives, more than 2% of its paid-up share capital,*
- vi. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with the advice, directions or instructions (except given in professional capacity) of a Director or Manager;
- vii. Any person on whose advice, directions or instruction (except given in professional capacity) a Director or Manager is accustomed to act;
- viii. A Holding/ Subsidiary or an Associate Company of such Company, a subsidiary of a holding company to which such Company is also a subsidiary; and
- ix. Such other person as may be prescribed.

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Presently, a director or Key Managerial Personnel of the Holding Company or his relative with reference to a Company is also deemed to be a related party.

Under Accounting Standard – 18, the Related Party includes:

- i. Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries);
- ii. Associates and Joint Ventures of the reporting enterprise and the investing party or venturer in respect of which the reporting enterprise is an associate or a joint venture;
- iii. Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual;
- iv. Key Management Personnel and Relatives of such Personnel;
- v. Enterprises over which any person described in (3) or (4) is able to exercise significant influence. This includes:
 - enterprises owned by directors or major shareholders of the reporting enterprise; and
 - enterprises that have a member of key management in common with the reporting enterprise.

“Related Party Transaction” means any transaction, directly or indirectly, involving any Related Party and falls under one or more of the following headings:

As per Section 188 of the Act:

- Sale, purchase or supply of any goods or materials;
- Selling or otherwise disposing of, or buying, property of any kind;
- Leasing of property of any kind;
- Availing or rendering of any services;
- Appointment of any agent for purchase or sale of goods, materials, services or property;
- Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; and
- Underwriting the subscription of any securities or derivatives thereof, of the Company;

As per Regulation 2(1)(zc) of the Listing Regulations:

Transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged and a transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.

As per Accounting Standards 18:

- purchases or sales of goods (finished or unfinished);
- purchases or sales of fixed assets;
- rendering or receiving of any services;
- agency arrangements;
- leasing or hire purchase agreements;
- transfer of research and development;

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- license agreements;
- finance (including loans and equity contributions in cash or kind);
- Guarantees and collaterals; and
- Management contracts including for deputation of employees.

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

“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. One person is related to the other in the following manner, namely:
 - Father (including step-father)
 - Mother (including step-mother)
 - Son (including step-son)
 - Son’s wife
 - Daughter
 - Daughter’s husband
 - Brother (including step-brother)
 - Sister (including step-sister)

Words and expressions used and not defined in the Policy shall have the same meanings respectively assigned to them in the Act and/or Listing Regulations.

4. PROCEDURE AND REPORTING PROCESS

Every Director shall at the beginning of the financial year provide information by way of written notice to the Company regarding his concern or interest in the entity with specific concern to parties which may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this policy. Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this Policy.

Each Director and Key Managerial Personnel (other than CFO) is responsible for providing notice to the CFO of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the CFO may reasonably request. In case of CFO, the notice of any potential Related Party Transaction shall be given to the Company Secretary. The CFO / CS (in case of CFO) will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Directors and KMPs will ensure that their notice of any potential Related Party Transaction is delivered well in advance so that the CFO / CS has adequate time to obtain and review information about the proposed transaction.

Further, all the functional departmental heads shall submit to the CFO the details of proposed transaction with details/draft contract/ draft agreement or other supporting documents for evaluating whether the said transaction requires the prior approval of the Audit Committee and also whether it is in the ordinary course of business and are at arm’s length. If the CFO arrives at a conclusion that the said transaction needs approval of the Audit Committee then the transaction will be reported to the Audit Committee.

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The Committee will be provided with all relevant material information of the proposed Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters to review a Related Party Transaction.

For the purpose of implementing the provisions under this Policy, the Board and the Audit Committee shall receive timely, full and sufficient information about the Transactions covered under this Policy.

5. APPROVAL PROCESS

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. In case of exigencies, the proposed transaction will be reported to the Audit Committee along with relevant papers for its approval through Circular Resolution.

All Related Party Transactions shall require prior approval of the Audit Committee.

In the case of repetitive transactions which are in the normal course of business of the Company, the Committee may grant omnibus approval. While granting the approval the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:

- Name of the related party
- Nature of the transaction
- Period of the transaction
- Maximum amount of the transactions that can be entered into
- Indicative base price / current contracted price and formula for variation in price, if any
- Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee.

However, where the need for a Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction. The details of such transaction shall be reported at the next meeting of the Audit Committee for ratification.

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

The Audit Committee shall review, atleast on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.

The Committee will consider the following factors, among others, to the extent relevant for approving a Related Party Transaction:

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- Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of an Independent Director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- 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 is allowed and would be detrimental to the Company; and
- Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

Further, all Material Related Party Transactions shall require approval of the shareholders through special resolution and all entities falling under the definition of Related Parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

If the Committee determines that a related party transaction is not in the ordinary course of business or not at the arm's length, the Audit Committee shall place the matter before the Board for obtaining its approval.

Where approval of Board of Directors is required for any related party transaction or if the Board in any case elects to reviews any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then 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.

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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.

In case Board refers a Related Party Transaction for seeking approval of the shareholders as per the provisions of Act or otherwise, the explanatory statement to be annexed to the notice of a general meeting convened pursuant to Section 101 of the Act shall contain the following particulars namely:-

- name of the related party;
- name of the director or key managerial personnel who is related, if any;
- nature of relationship;
- nature, material terms, monetary value and particulars of the contract or arrangement;
- any other information relevant or important for the members to take a decision on the proposed resolution.

Except with the prior approval of the Company by a Special Resolution, a Company shall not enter into the following transaction(s) beyond the prescribed limits:

S. No.	Category of Transactions	Limits as prescribed under the Act
i)	Sale, purchase or supply of any goods or materials, directly or through appointment of an agent	10% of turnover or Rs. 100 crore, whichever is lower
ii)	Selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of an agent;	10% of net worth or Rs. 100 crore, whichever is lower
iii)	Leasing of property of any kind;	10% of net worth or 10% of turnover or Rs. 100 crore, whichever is lower
iv)	Availing or rendering of any services, directly or through appointment of an agent;	10% of turnover or Rs 50 crore, whichever is lower
v)	Such Related Party's appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding Rs 2.5 lakh
vi)	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company	1% of Net Worth

The limits specified in above 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.

The Turnover or Net Worth referred above shall be computed on the basis of the Audited Financial Statement of the preceding financial year.

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

- transaction(s) entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

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- ii. Any transaction that involves the providing 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.
- 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.

All Related Party Transactions, duly approved by the Committee, before this Policy comes into force shall continue to remain valid unless there is any material change in terms of the contract or arrangement. Any proposed variations / amendments to the earlier Related Party Transactions shall require a prior approval of the Committee.

Further, all Material Related Party Transactions, if existing, as on September 30, 2014 and are likely to continue beyond March 31, 2015, shall be placed for approval of the shareholders in the first General Meeting subsequent to October 01, 2014.

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 but not limited to the provisions of the Act. 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 actions including ratification, revision or termination of the Related Party Transaction as 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. DISCLOSURES

- i. Details of all material transactions with related parties are to be disclosed quarterly along with the compliance report on corporate governance.
- ii. The Company shall disclose the contract or arrangements entered into with the Related Party in the Board Report to the shareholders along with the justification for entering into such contract or arrangement.
- iii. The Company shall disclose this policy relating to Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.

7. AMENDMENT OF POLICY

In case of any subsequent changes in the provisions of the Act, or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, the

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provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in the Act or the Regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors.

8. DISSEMINATION OF POLICY

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall also be hosted on the intra-net of the Company.