

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

TITLE:

This Policy shall be called 'Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions '.

APPLICABILITY

The Board of Directors in their meeting held on January 23, 2015 had approved and adopted the Policy On Materiality Of Related Party Transactions And On Dealing With Related Party Transactions in compliance with the provisions of the Clause 49 of the Listing agreements which come into force with effect from January 23, 2015. Further the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") came into effect on September 02, 2015. To comply with the provisions of the **Listing Regulations** the Board has approved and adopted a revised policy which shall come into force with effect from January 25, 2016.

OBJECTIVE:

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

The changes introduced in the Corporate Governance norms through the Companies Act, 2013 and the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), 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.

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.

"Audit Committee" means the audit committee constituted by the Board of Directors of the Company in accordance with applicable law, including the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), and the Companies Act, 2013.

“Board” means the Board of Directors of Dilip Buildcon Limited.

“Company” means Dilip Buildcon Limited, a company incorporated under the Companies Act, 1956.

“Material Related Party Transaction” 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 ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

“Policy” means this Policy, as amended from time to time.

“Related Party” in relation to the Company means a related party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards and as per listing regulations as amended from time to time;

“Relative” Means a relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under:

A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-

1. Father including step-father
2. Mother including step-mother
3. Son including step-son
4. Son's wife
5. Daughter
6. Daughter's husband
7. Brother including step-brother
8. Sister including step-sister

“Related Party Transaction” in relation to the Company means a transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

APPROVAL OF RELATED PARTY TRANSACTIONS:

1.The listed entity shall formulate a policy on materiality of related party transactions and on dealing with related party transactions:

Explanation.- 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 ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

(2) All related party transactions shall require prior approval of the audit committee.

(3) Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity subject to the following conditions, namely-

(a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;

(b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;

(c) the omnibus approval shall specify:

(i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any; and

(iii) such other conditions as the audit committee may deem fit:

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

(d) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.

(e) 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) All material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

(5) The provisions of sub-regulations (2), (3) and (4) shall not be applicable in the following cases:

(a) transactions entered into between two government companies;

(b) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

Explanation.- For the purpose of clause (a), "government company(ies)" means Government company as defined in sub-section (45) of section 2 of the Companies Act, 2013.

(6) The provisions of this regulation shall be applicable to all prospective transactions.

(7) For the purpose of this regulation, 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.

(8) All existing material related party contracts or arrangements entered into prior to the date of notification of these regulations and which may continue beyond such date shall be placed for approval of the shareholders in the first General Meeting subsequent to notification of these regulations.

IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her relative, including any additional information about the transaction that the Board/Audit Committee may reasonably require. The Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with the Policy.

The Company strongly advocates receipt of 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.

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 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 ratification, revision or termination of the Related Party Transaction. 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 such action it deems appropriate.

In any case, where the Committee decides 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 the authority to modify or waive any procedural requirements of this Policy.

OTHER RESPONSIBILITIES AND DISCLOSURES IN RESPECT OF RELATED PARTY TRANSACTION :-

- The Board of Directors ensures monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions;
- The listed entity shall disseminate the policy on dealing with related party transactions information on its website
- The audit committee while reviewing the annual financial statements and auditor's report thereon before submission to the board for approval with particular reference to disclosure of any related party transactions;
- The audit committee mandatorily review statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Disclosures in the annual Report :-
 - disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large;
 - web link where policy on dealing with related party transactions

REPORTING REQUIREMENTS

The Company shall report to Stock Exchanges on quarterly basis, the details of all material transactions with Related Parties.

The Company shall disclose the Related party Transaction and its approval Mechanism in the Annual report as per requirement of Companies Act 2013 / Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**” and Accounting Standard as may be applicable.

AMENDMENTS:

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

INTERPRETATION:

a) Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Regulations , Accounting Standards or any other relevant legislation / law applicable to the Company.

b) In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term / provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.