

## GRAUER & WEIL (INDIA) LTD.

### **Guidelines for Arms Length Transactions**

#### **Preamble**

Section 188 of the Companies Act, 2013 (the Act) and Securities and Exchange Board of India (Listing Obligations and disclosure requirements) Regulation, 2015 (the Regulation), sets out the process for approval to be followed by a Company for all transactions with Related Parties as defined in the Act. However, this approval process is not applicable to any transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis. The Audit Committee may grant omnibus approvals for transactions which are on arms length basis and in the ordinary course of business.

The words and phrase used in the policy shall have the same meaning as provided in the Act and Regulation.

#### **Criteria**

These guidelines define the criteria to be followed for the transactions entered into by Grauer & Weil (India) Ltd. (Growel) with related parties as on arm's length basis.

#### **1. Sale, purchase or supply of any goods or materials:**

- a. Wherever goods or materials in question are also sold/supplied to or purchased from other non-related parties also, then the method of calculation of price and the commercial terms are comparable with such transactions with other unrelated parties.
- b. Wherever goods or materials in question are sold/supplied to or purchased only to the related party and not to other non-related parties, then the method of calculation of price and the commercial terms should be comparable with such transactions pertaining to other goods or materials sold, purchased or supplied by the company to or from other unrelated parties.
- c. For the purpose of comparable prices any of the following methods can be used
  - i. Comparable Uncontrolled Price
  - ii. Resale Price Method
  - iii. Cost Plus Method
  - iv. Profit Split Method
  - v. Transactional Net Margin Method
  - vi. Any other appropriate method.

#### **2. Selling or otherwise disposing of, or buying, property of any kind:**

Sale or purchase of property is not in ordinary course of business for Growel and hence should follow the approval process under s. 188 of the Act.

**3. Leasing of property of any kind:**

The cost of leasing and other commercial terms of leasing should be comparable with cost and terms of leasing of comparable properties in the vicinity of the property in question agreed by the Company with an unrelated party or between two other unrelated parties. Wherever such information is not available than competitive offers received from at least two unrelated parties either in writing or over emails.

**4. Availing or rendering of any services:**

- a. Wherever the services in question are also availed of from other non-related parties, then the method of calculation of remuneration and the commercial terms are comparable with such transactions with other unrelated parties.
- b. Wherever the services in question are availed only from the related party and not to other non-related parties, then the method of calculation of remuneration and the commercial terms should be comparable with such transactions pertaining to other services availed by the company from other unrelated parties.
- c. While comparing the remuneration and other terms, appropriate weightages need to be given to qualification, competence, experience and resources of the service providers being compared and to the scope of service, manpower required, time period and other resources required.

**5. Appointment of any agent for purchase or sale of goods, materials, services or property:**

- a. Wherever the services in question are also availed of from other non-related parties, then the method of calculation of remuneration and the commercial terms are comparable with such transactions with other unrelated parties.
- b. Wherever the services in question are availed only from the related party and not to other non-related parties, then the method of calculation of remuneration and the commercial terms should be comparable with such transactions pertaining to other services availed by the company from other unrelated parties.
- c. While comparing the remuneration and other terms, appropriate weightages need to be given to qualification, competence, experience and resources of the service providers being compared and to the scope of service, manpower required, time period and other resources required.

**6. Appointment to any office or place of profit in the Company, its subsidiary or associate company:**

- a. The remuneration and the terms of appointment should be comparable with similar appointments of other unrelated parties in the same Company or other comparable companies.

- b. While comparing the remuneration and other terms, appropriate weightages need to be given to qualification, competence, experience, integrity, commitment, location, hardship, risks, and responsibilities of the persons and the office to which the related party is being appointed.

**7. Underwriting the subscription of any securities or derivatives thereof, of the Company**

- a. Wherever the services in question are also availed of from other non-related parties, then the method of calculation of remuneration and the commercial terms are comparable with such transactions with other unrelated parties.
- b. Wherever the services in question are availed only from the related party and not to other non-related parties, then the method of calculation of remuneration and the commercial terms should be comparable with such transactions pertaining to other services availed by the company from other unrelated parties.
- c. While comparing the remuneration and other terms, appropriate weightages need to be given to qualification, competence, experience, financial and other resources and track record of the service providers being compared and to the scope of service, amount involved and other resources required.
- d. Competitive offers received from at least two unrelated parties either in writing or over emails may be used for comparison.