



POLICY ON RELATED PARTY TRANSACTION

1. PREAMBLE

In compliance with the requirements of Section 188 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules 2014, which have come into force w.e.f. 1st April, 2014 and amendments thereto and revised Clause 49 of the Listing Agreement with the Stock Exchanges wherein the Company's shares are listed, which has come into effect from 1st October, 2014, the Board of Directors (the Board) of D B Realty Limited (the Company) has adopted, on the recommendation of the Audit Committee, this policy on Related Party Transactions. This Policy provides the framework for governance with regard to the transactions between the Company and its Related Parties.

This Policy is effective from 1st October, 2014 and shall be reviewed by the Audit Committee for proposing amendments if and when required.

2. PURPOSE:

The policy is intended to ensure that the Related Party Transactions between the Company and the Related Parties are executed with proper approvals and are in the best interests of the Company. The Company shall also disclose the material Related Party Transactions in the Financial Statements and meet with the disclosure requirements.

3. 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 or Committee means the Committee of the Board of Directors constituted from time to time under Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.

Board means the Board of Directors as defined under the Companies Act, 2013.

Control means control as defined in Section 2 (27) of the Companies Act, 2013 and shall include the right to appoint majority of the directors or to control the management or the policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or voting agreements or in any other manner and shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Control shall also include (a) ownership, directly or indirectly, of more than one half of the voting power of the enterprise or (b) control the composition of the Board of Directors of the company or the governing body of the enterprise or (c) a substantial interest in the voting power and the power to direct by statute or agreement, the financial or operating policies of the enterprise. (An enterprise is considered to have substantial interest in another enterprise if that enterprise owns, directly or indirectly, 20% or more interest in the voting power of the other enterprise).

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Material Related Party Transaction means a Related Party Transaction which individually or taken together with the previous transactions during the financial year exceeds ten percent of the Annual Consolidated Turnover of the Company as per the last Audited Financial Statements of the Company or such other limits as may be prescribed by the Companies Act, 2013 or the Listing Agreement whichever is stricter, from time to time.

Related Party means related party as defined under the Companies Act, 2013 read with Clause 49 of the Listing Agreement as amended from time to time. **Section 2(76) of the Companies Act, 2013 and the Rules define Related Party as** (i) A Director or his relative (ii) A Key Managerial Personnel 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 is a member or director (v) A public company in which a director or manager is a director and holds along with his relatives, more than two percent 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 of a director or manager except advice, directions or instructions given in a professional capacity (vii) Any person on whose advice, directions or instructions, a director or manager is accustomed to act, except advice, directions or instructions given in a professional capacity (viii) Any company which is a holding, subsidiary or associate company of such company; or a subsidiary of a holding company to which it is also a subsidiary (ix) A Director other than an Independent Director or Key Management Personnel of the holding company or his relative. **Section 2(77) of the Companies Act and the Rules define Relatives as** (i) Members of HUF (ii) Spouse (iii) Father including Step-father (iv) Mother including step-mother (v) Son including Step-son (vi) Son's wife (vii) Daughter (viii) Daughter's husband (ix) Brother including step-brother (x) Sister including Step-sister)

Related Party Transaction means any transaction between the Company and the Related Party for transfer of resources, services or obligations, regardless of whether any price is charged or not in terms of Clause 49 of the Listing Agreement and encompasses the following categories of transactions in terms of Section 188 of the Companies Act, 2013:

- (a) Sale, Purchase or supply of any goods or materials;
- (b) Selling or otherwise disposing or buying property of any kind;
- (c) Leasing of property of any kind;
- (d) Availing or rendering of any services ;
- (e) Appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) Such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
- (g) Underwriting the subscription of any securities or derivatives thereof, of the Company.

The above is illustrative and not exhaustive.

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Explanation: A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.

In terms of Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014 as amended, previous approval of the Shareholders of the Company, by way of a Special Resolution is required for the following Related Party Transactions:

- (a) Sale, Purchase or supply of any goods or materials, directly or through appointment of agent, exceeding ten per cent of the turnover of the Company or rupees one hundred crore whichever is lower as mentioned in (a) and (e) under the definition of Related Party Transaction
- (b) Selling or otherwise disposing of or buying property of any kind directly or through appointment of agent, exceeding ten per cent of the Net Worth of the Company or rupees one hundred crore whichever is lower as mentioned in (b) and (e) under the definition of Related Party Transaction
- (c) Leasing of property of any kind exceeding ten per cent of the net worth of the Company or ten per cent of the turnover of the Company or rupees one hundred crore whichever is lower as mentioned in (c) under the definition of Related Party Transaction
- (d) Availing or rendering of any services, directly or through appointment of agent, exceeding ten per cent of the turnover of the Company or rupees fifty crore whichever is lower as mentioned in (d) and (e) under the definition of Related Party Transaction
- (e) Appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees
- (f) Payment of remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one per cent of the net worth of the company.

Office or Place of Profit means any office or place-

- (i) 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;
- (ii) 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;

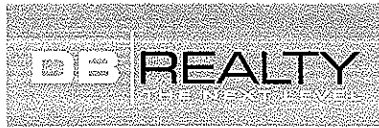
4. POLICY

A. Audit Committee Approval

All related party transactions including those to be entered into in the ordinary course of business and any subsequent modifications thereto, shall require the prior approval of the Audit Committee.

B. Board of Directors Approval

All related party transactions that are:



- Not in the ordinary course of business, or
- In the ordinary course of business but not at arm's length, or
- Neither in the ordinary course of business nor at arm's length shall require the prior approvals of the Board of Directors at the meeting of the Board.

C. Shareholders' Approval

All the material related party transactions and related party transactions exceeding the threshold limits under Rule 15(3) of Companies (Meetings of Board and its powers) Rules 2014 as amended shall require approvals of the Shareholders by a Special Resolution passed at a General Meeting in addition to the approval of the Audit Committee and the Board of Directors. The related parties shall abstain from voting on such resolution.

D. Process for Approval

1. The Audit Committee, in line with these policy and in accordance with the provisions applicable as on date, will determine, whether the transaction constitutes a related party transaction.
2. Approvals of related party transaction
 - a. Any director who is interested in any related party transaction shall recuse himself from discussion and voting.
 - b. The Audit Committee will be provided with all the terms and conditions of the transaction, the business purpose of the transaction, the benefit to the Company and to the related party, competitive quotes from third parties if any and such other information which may be reasonably required to decide whether such a transaction is a related party transaction or not.
3. The Audit Committee will also consider granting omnibus approval for related party transaction subject to the following conditions:
 - a. The transaction is in line with this policy and is repetitive in nature.
 - b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
 - c. Such omnibus approval shall specify (i) the names of the related party, the nature of the transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative price/current contracted price and the formula for variation in the price if any and (iii) such other condition as the audit committee may deem fit.
 - d. Provided that where the need for related party transaction cannot be foreseen and above details are not available, audit committee may grant omnibus approval for such transaction subject to their value not exceeding Rs. One Crore per transaction.
 - e. The audit committee shall review on a quarterly basis the details of the related party transaction entered into by the Company pursuant to each of the omnibus approvals given.

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- f. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
4. In determining whether to approve the related party transaction, the committee will consider inter alia the following factors:
- Whether the terms and conditions of the related party transaction are fair and on arms length basis to the Company and are in the ordinary course of business of the Company.
 - Whether there are compelling business reasons for the Company to enter into the related party transaction as against normal transaction.
 - Whether the related party transaction would affect the independence of the independent directors.
 - Whether the proposed transaction includes any potential reputational risks issues that may arise as the result of the proposed transaction.
 - Whether the related party transaction would amount to a conflict of interest to any director or key managerial personnel of the Company, taking into account the size of the transaction, the overall financial position of the director or other related party, nature of direct or indirect interest of directors, key managerial personnel or other related party in the transaction and such other aspects as may be deemed relevant to the Committee.

The criteria set out above shall also apply to Board's review and approval of the matter.

5. If the Board decides that a related party transaction should be brought before the shareholders or it is mandatory under the law for the shareholders to approve such related party transaction, then in the General Meeting, shareholders who are related parties will abstain from voting as prescribed by relevant law.
6. Notwithstanding the above, any transaction in which the related party's interest arises solely from ownership of securities issued by the Company and all the holders of such securities receive the same benefits pro-rata as the related party and any transaction 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, shall not require the approval of the shareholders in terms of the proviso to Clause 49 (VII) of the Listing Agreement.
7. Disclosures
- Every director of a Company who is in any way concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into –

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1. With a Body Corporate in which such director or his relative or such director in association with any other director holds more than two per cent of the shareholding of that body corporate, or is a promoter, manager, CEO of that body corporate; or
2. With a firm or other entity in which such director is a partner, owner or member as the case may be

shall disclose his interest at the meeting of the board in which the contract or arrangement is discussed and shall not participate in such meeting

- The related party transaction entered into shall be disclosed in the Director's Report / Annual Report as per the disclosure requirement of the Companies Act, 2013, and clause 49 of the Listing Agreement.
- The particulars of all related party transaction entered into with the approval of the Audit Committee/ Board of Directors/ Shareholders shall be entered into the Registers of Contracts maintained by the Company.

8. Ratification

- Any related party transaction entered into without obtaining the prior approval of the audit/board/shareholders (respective authority) may be ratified subject to the applicable provisions of the Companies Act, 2013 and the rules made thereunder and the Listing Agreement.
- If the related party transaction which are entered into without the approval of the respective authority and subsequently not ratified the related party transaction entered into without its approval, the relevant provisions of the Companies Act, 2013 and the Listing Agreement shall apply.

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