



**apcotex industries limited**

**RELATED PARTY TRANSACTION POLICY**

Approved on: 31<sup>st</sup> October 2014

Revision: 27<sup>th</sup> July 2022

## **RELATED PARTY TRANSACTION POLICY**

### **1. Introduction**

The Board of Directors (the "Board") of **apcotex industries limited** (the "Company"), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Board of Directors shall review this policy once every three years and as and when required.

### **2. Purpose**

This policy is framed as per Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 along with circulars, clarifications, guidelines and notifications issued thereunder and Companies Act, 2013 to determine materiality of related party transaction/s and regulate the related party transaction/s in the organization based on the laws and regulations applicable to the Company.

### **3. Definitions**

**Arm's Length Transactions** means a transaction between two related party/ies that is conducted as if they were unrelated, so that there is no conflict of interest and such a price charged for the transactions to a related party/ies has in no case been influenced by the relationship or are done at an open market price.

**Audit Committee or Committee** means Committee of Board of Directors of the Company constituted under the applicable laws.

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

**Key Managerial Personnel** means key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013 and Senior Management Personnel as defined by the Nomination & Remuneration Policy of the company.

**Material Related Party Transaction** means a transaction/s with a related party/ies entered into individually or taken together with previous transactions/s during a financial year exceeds Rupees Fifty Crores or Ten per cent of the annual consolidated turnover of the company as per the last audited financial statements, whichever is lower.

**Material Modifications means** any subsequent change to an existing Related Party Transaction, having a variance exceeding 20% of the existing limit or Rs. 10 crores, whichever is lower.

**Policy** means Related Party Transaction/s Policy.

**Related Party** is a person or an entity which is: (i) a related party under Section 2(76) of the Companies Act, 2013 ; (ii) a related party under the applicable Accounting Standards; (iii) a related party under Regulation 2(1)(zb) of the SEBI LODR Regulations.

**Related Party Transaction** means:

- (i) a transaction between the Company and a Related Party which is of the nature specified in sub-clause (a) to (g) of Section 188(1) of the Companies Act, 2013 ; and
- (ii) a transaction involving transfer of resources, services or obligations, regardless of whether a price is charged, between parties as specified under Regulation 2(1)(zc) of SEBI LODR Regulations;

Provided that the following shall not be a related party transaction:

- A. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- B. the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - i. payment of dividend;
  - ii. subdivision or consolidation of securities;
  - iii. issuance of securities by way of a rights issue or a bonus issue; and
  - iv. buy-back of securities.

**Relative** means relative as defined under Section 2(77) of the Companies Act, 2013 and rules prescribed thereunder.

**4. Identification and Review of Potential Related Party Transactions**

- (a) Each Director, Key Managerial Personnel and Senior management Personnel as defined in the Nomination and Remuneration Policy of the company is responsible for providing the notice to the Audit Committee/Board of potential related party transaction whenever wishes to enter into a related party transactions with the Company involving either him/her or his/her relative, along with all relevant details and documents. The Company Secretary and Chief Financial Officer are authorized to determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.
- (b) Notice of any related party transactions, referred above shall be given well in advance to the Audit Committee/Board so that they would have adequate time to review the proposed transaction, additional information or documents about the proposed related party transactions, if necessary, which is required to be placed before the Audit Committee to enable it to approve the said transactions.

**5. Approval of Related Party Transactions**

All Related Party Transactions and subsequent material modifications to the transactions shall require prior approval of the Audit Committee. Only those members of the audit committee, who are independent directors, shall approve related party transactions.

All material related party transactions and subsequent material modifications shall require prior approval of the shareholders through special resolution, wherein no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not:

Related Party Transactions will be referred to the prior scheduled meeting of Audit Committee / Board Meeting for review and approval.

While assessing a proposal put up before the Audit Committee for approval, the Committee shall review the necessary documents and seek the necessary information from the management in order to determine if the transaction/s is in the ordinary course of business and at arm's length or not.

In determining whether to approve a Related Party Transaction/s, following factors, among others, to the extent relevant to the Related Party Transaction/s will be taken into account:

- Whether the terms of the Related Party Transaction/s are fair and on arms' length basis to the Company;
- Whether the Related Party Transaction/s would affect the independence of an independent director;
- Whether the Related Party Transaction/s would present an improper conflict of interest for any director or Key Managerial Personnel of the Company and any other factors the Board/Committee deems relevant.
- All Material Related Party Transaction/s and subsequent material modifications shall be approved by members of the Company.

### **Omnibus Approval**

1. Omnibus approval shall be applicable in respect of transactions which are repetitive in nature.
2. Before granting omnibus approval, committee shall satisfy itself of need for such approval and such approval is in the interests of the company
3. The omnibus approval shall specify:-
  - i. the name(s) of the related party, the nature, the tenure and the maximum amount of the transaction in aggregate to be entered into
  - ii. maximum value of the transaction during the year.
  - iii. the indicative base price / current contracted price and the formula for variation in the price if any;
  - iv. such other conditions as the audit committee may deem fit:
4. Where the aforesaid details are not available or the need for related party transaction cannot be foreseen, committee may grant omnibus approval subject to their value not exceeding Rupees one crore per transaction which shall be valid for a period not exceeding one financial year and will require fresh approval after expiry of one financial year.
5. The committee shall quarterly review the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given and shall also review the status of long-term (more than one year) or recurring related party transactions on an annual basis.

## **6. Related Party Transactions not approved under this Policy**

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 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 any such action 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.

This Policy will be communicated to all operational employees and other concerned persons of the Company.