

## RELATED PARTY TRANSACTION POLICY

### 1. Preamble

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 Audit Committee will review and may amend this policy from time to time.

This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

### 2. Purpose

This policy is framed as per requirement of Clause 49 of the Listing Agreement entered by the Company with the Stock Exchange(s) and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

### 3. Definitions

**Arm's Length Transactions** shall mean the transactions carried out between the Related Parties as if they are not related to each other avoiding the 'Conflict of Interest'.

**Audit Committee or Committee** means Committee of Board of Directors of the Company constituted under provisions of Companies Act, 2013 and the Listing Agreement.

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

**Control** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

**Key Managerial Personnel** means key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer

**Material Related Party Transaction** means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds **ten percent (10%)** of the **annual turnover** of the company as per the last audited financial statements of the company.

**Policy** means Related Party Transaction Policy.

**Related Party** means related party as defined in Clause 49 of the Listing Agreement which is as follows:

A 'related party' is a person or entity that is related to the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

1. A person or a close member of that person's family is related to a company if that person:
  - a) is a related party under Section 2(76) of the Companies Act, 2013 which are as follows:
    - (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 or holds along with his relatives, more than two per cent of its paid-up share capital;
    - (vi) anybody 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 ;
    - (vii) any person under whose advice, directions or instructions a director or manager is accustomed to act :  
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
    - (viii) any company which is –
      - (A) a holding, subsidiary or an associate company of such company ; or
      - (B) a subsidiary of a holding company to which it is also a subsidiary ;
    - (ix) Director or key managerial personnel of the holding company or his relative with reference to a company; or
  - b) has control or joint control or significant influence over the company; or
  - c) is a key management personnel of the company or of a parent of the company;
- 2 An entity is related to a company if any of the following conditions applies:
  - a. The entity is a related party under Section 2(76) of the Companies Act, 2013; or
  - b. The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
  - c. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
  - d. Both entities are joint ventures of the same third party; or
  - e. One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
  - f. The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company; or
  - g. The entity is controlled or jointly controlled by a person identified in (1).
  - h. A person identified in (1)(b) has significant influence over the entity (or of a parent of the entity); or

**Related Party Transaction** means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

**Relative** means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if –

- They are members of a Hindu undivided family ;
- They are husband and wife ; or
- 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)

#### **4. Policy**

All Related Party Transactions shall be approved by the Audit Committee. All material related party transactions shall require approval of the shareholders through special resolution, wherein the related party(ies) shall abstain from voting on such resolution(s).

##### **4.1 Identification of Potential Related Party Transactions**

- (a) Each Director, Key Managerial Personnel whenever wishes to enter into a related party transactions with the Company involving either him/her or his/her relative, shall give a notice to the Company along with all relevant details and documents.
- (b) Associate, Subsidiary Company shall be as per the list mentioned in the Annual Report of the Company. Notice should be given for any new addition to the list by Accounts Departments.
- (c) Notice of any related party transactions, referred above shall be given well in advance so that the Company has adequate time to obtain 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.

##### **4.2 Prohibitions related to Related Party Transactions**

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

Further, all Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolutions.

##### **4.3 Review and Approval of Related Party Transactions**

Related Party Transactions will be referred to the next scheduled meeting of Audit Committee / Board Meeting for review and approval. Any member of the Committee / Board who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, following information of the Related Party Transaction shall be provided:

- The name of the related party and nature of relationship;
- The nature and duration of the Contract and particulars of the Contract or arrangement;
- The material terms of the Contract or an agreement including the value, if any;
- Any advance paid or received for a contract or arrangement, if any;
- The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as a part of the contract;
- Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with rationale for not considering those factors; and
- Any other information relevant or important for the Audit Committee and/or Board to take decision on proposed transaction.

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

- Whether the terms of the Related Party Transaction are fair and on arms' length basis to the Company;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the Related Party Transaction 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 Transactions shall be approved by members of the Company.

#### **5. 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 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 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.