

# ALKA INDIA LIMITED

## POLICY ON RELATED PARTY TRANSACTIONS

## **INTRODUCTION**

The Board of Directors (the “Board”) of Alka India Limited (the “Company”) has adopted the following policy and procedures with regard to Related Party Transactions (‘Related Party Transaction (RPT) Policy’), in line with the requirements of Section 188 of Companies Act, 2013 read with Rules made thereunder (hereinafter referred to as ‘The Act’) and Revised Clause 49 of the Listing Agreement (as amended by SEBI Circulars dated April 17, 2014 and September 15, 2014, hereinafter referred to as ‘**RC 49**’).

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

## **PURPOSE**

The objective of this policy is ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders.

## **OBJECTIVES**

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Clause 49 of the Listing Agreement and any other laws and regulations as may be applicable to the Company.

## **KEY DEFINITIONS**

“**Audit Committee**” means Committee of Board of Directors of the Company constituted under provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.

“**Board of Directors**” or “**Board**” in relation to a Company means the collective body of the directors of the Company.

**Key Managerial Personnel** in relation to a Company means:

- i. The Chief Executive Officer, or the Managing Director or the Manager;
- ii. The Company Secretary;
- iii. The Whole-time director;
- iv. Chief Financial Officer; and
- v. such other officer as may be prescribed under the Companies Act, 2013.

“**Material Related Party Transaction**” is a transaction with a Related Party which shall be considered material if the transaction / transactions 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 company as per the last audited financial statements of the company.

**Related Party definition as per Companies Act:**

“**Related Party**”, with reference to a Company, shall have the meaning as defined in Section 2(76) of the Companies Act, 2013;

As per Section 2(76) of the Companies Act, 2013, Related Party means:

- (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 or relative 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 per cent 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;
- (vii) any person on 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) A Director (other than Independent Director) or Key Managerial Personnel (KMP) of the holding company of such company or his relative.

**Related Party definition as per RC 49:**

“**Related Party**”, with reference to a Company, shall have the meaning as defined in Section 2(76) of the Companies Act, 2013; or an entity that is a related party under the applicable accounting standards.

“**Related Party Transaction**” means

- for the purpose of the Act, specified transaction mentioned in clause (a) to (g) of sub-section 1 of Section 188;
- for the purpose of RC 49, any transaction 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.

In accordance with Companies Act, 2013, Related Party Transaction includes the following transactions between the related parties:

- sale, purchase or supply of any goods or materials;
- selling or otherwise disposing of, or buying, property of any kind;
- leasing of property of any kind;
- availing or rendering of any services;
- appointment of any agent for purchase or sale of goods, materials, services or property;

- such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- Underwriting the subscription of any securities or derivatives thereof, of the company.

**“Relatives”** In accordance with Section 2 (77) of the Companies Act, 2013 read with clause 4 of The Companies (Specification of definition details) Rules, 2014 relative means anyone who is related to another, if—

- (i) They are members of a Hindu Undivided Family;
- (ii) They are husband and wife; or
- (c) A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-

- (a) Father: Provided that the term “Father” includes step-father.
- (b) Mother: Provided that the term “Mother” includes the step-mother.
- (c) Son: Provided that the term “Son” includes the step-son.
- (d) Son’s wife.
- (e) Daughter.
- (f) Daughter’s husband.
- (g) Brother: Provided that the term “Brother” includes the step-brother;
- (h) Sister: Provided that the term “Sister” includes the step-sister;

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

### **Policy**

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

### **Approvals related to Related Party Transactions**

#### **1. Approval of the Audit Committee**

All Related Party Transactions of the Company as prescribed under the Act and RC 49 shall require prior approval of Audit Committee, whether at a meeting or by Resolution by circulation. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the conditions set forth in clause 49 of the Listing Agreement.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

#### **2. Approval of the Board of Directors of the Company**

Transactions with the related parties (as defined under Companies Act, 2013) within the scope of Section 188 of the Act, which are

- not in the Ordinary Course of Business or
- in the Ordinary Course of Business but not at Arms’ Length or

- neither in the Ordinary Course of Business nor at the Arms' Length shall require prior approval of the Board of Directors.

In the above context, where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

### 3. Approval of the Shareholders of the Company

**Shareholder's approval shall be sought in the following cases as per the requirements of Companies Act, 2013:**

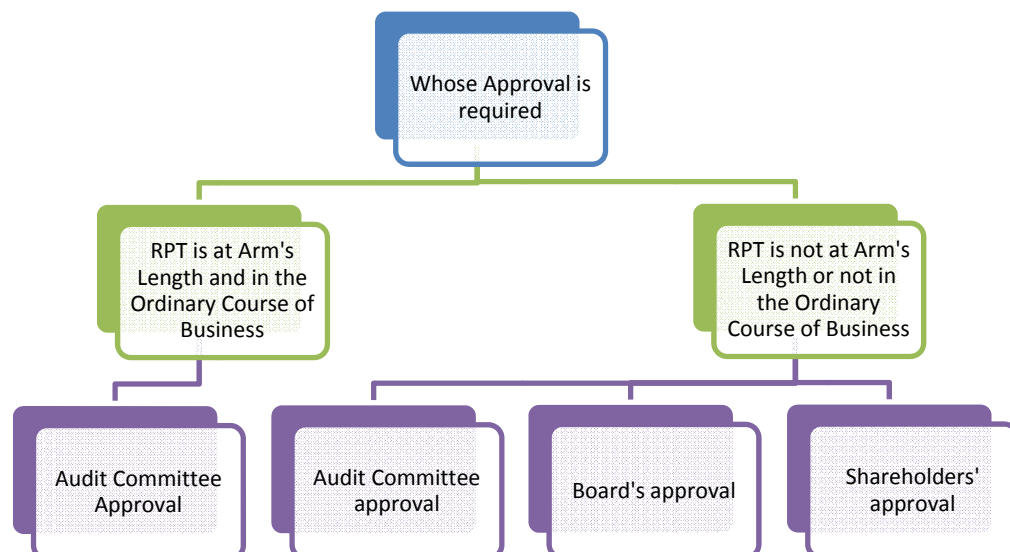
- Transactions with the related parties (as defined under Companies Act 2013) covered within the scope of Section 188 of the Act; which are either not in the 'Ordinary Course of Business' or are not on an 'arm's Length Basis' and exceeds the threshold under section 188 of the Companies Act 2013 shall also require prior approval of the shareholders through special resolution.

No member of the Company shall vote in a special resolution where a related party contract or arrangement is being considered if such a member is a related party in the context of the contract or arrangement which is being considered.

**Shareholder's approval shall be sought in the following cases as per the requirements of RC 49:**

- All Material Related Party Transactions covered within the scope of RC 49 shall require approval of the shareholders through special resolution. For this purpose, all entities falling under the definition of related parties (as defined under RC 49) shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

### AUDIT COMMITTEE/BOARD/SHAREHOLDER APPROVAL MECHANISM FOR ENTERING INTO RELATED PARTY TRANSACTIONS



### **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 the terms and conditions of the transaction, the business purpose of the transaction, the benefit to the Company and to the related party and any such other information reasonably required to be able to decide whether such transaction is RPT or not and also including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

### **Related party Transactions not approved under this Policy**

In the event the Company becomes aware of a Related Party Transaction 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 decides not to ratify a Related Party Transaction that has been commenced without its approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. While reviewing any Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

### **Disclosures**

Every Related Party Transaction entered into by the Company will be referred to in the Board's report to the shareholders along with justification for entering into such transaction. The company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.