

Policy on
Materiality of Related Party Transactions
and
Dealing with Related Party Transactions

The Board of Directors (the “Board”) of Alankit Limited (the “Company”), has adopted the following policy regarding materiality of Related Party Transactions in terms of Regulation 23 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 188 of the Companies Act, 2013. The Board will review and may amend policy from time to time.

No Related Party Transaction shall be entered into by the Company or its Key Managerial Personnel except in accordance with this policy.

1. PURPOSE:

This policy is intended to ensure the proper approval and reporting of transactions between the Company and any of “Related Party” as defined below which includes its Directors, Key Managerial Personnel and their relatives or certain entities or persons related to them. This includes disclosure to be made each day in director’s report about particulars of contracts and arrangements with related party referred to in sub section (1) of section 188 of the Companies Act, 2013 in the prescribed form. In addition, the Audit Committee and the Board have to review any Related Party Transactions involving Independent Directors as a part of annual determination of their Independence as provided under Section 149 of the Companies Act, 2013.

2. DEFINITIONS:

“**Policy or this Policy**” shall mean Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions.

“**Related Party**” referred under section 2(76) of the Companies Act, 2013 which is defined as under:

“**Related Party**”, with reference to a company, 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 his 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;
 - (B) a subsidiary of a holding company to which it is also a subsidiary; or
 - (C) an investing company or the venturer of the company;"

Further as per the Companies (Specification of definition details) Rules, 2014, a Director other than an Independent Director or Key Managerial Personnel of the holding company or his relative with reference to a Company, shall be deemed to be a related party.

“Related Party Transaction” (RPT) means all the transactions between the Company on one hand and one or more related party/ parties on the other hand including contracts, arrangements and transactions as envisaged in Section 188(1) of the Companies Act, 2013 and/ or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Relative” with reference to any person, means anyone who is related to another, if

- (i) They are members of a Hindu Undivided Family;
- (ii) They are husband and wife;

Further as per Rule 4 of Companies (Specification of definition details) Rules, 2014, A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-

- (1) Father:
Provided that the term “Father” includes step-father.
- (2) Mother:
Provided that the term “Mother” includes the step-mother.
- (3) Son:
Provided that the term “Son” includes the step-son.
- (4) Son’s wife.
- (5) Daughter.
- (6) Daughter’s husband.
- (7) Brother:
Provided that the term “Brother” includes the step-brother;
- (8) Sister:
Provided that the term “Sister” includes the step-sister.

“Committee” shall mean Audit Committee.

“Material Modifications” in relation to the Related Party Transaction(s) shall mean any change / variation / modification in an existing related party transaction / contract / arrangement, the financial effect of which is an increase in the per annum value of the relevant related party transaction / contract / arrangement by 20% or more, or rupees fifty crore, whichever is higher.

3. POLICY FOR IDENTIFICATION OF RELATED PARTIES:

1. Identify all transactions which fall within the ambit of related party transactions both as per provision of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and Rules made thereunder.
2. To Prepare Complete list of Related Party Transaction in specific format.
3. To seek necessary approvals of Audit Committee/Board/Shareholders as may be necessary, after providing necessary information in the prescribed manner.

While according such approval(s), the Related Party transactions are to be considered as appropriate if they are in the interest of the Company and other stakeholders.

4. To make necessary disclosure in the Directors Report as well as on the website of the Company.

4. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTION:

Each director and Key Managerial Personnel is responsible for providing notice to the company Secretary and potential Related Party Transaction involving him or her or his relative, including any additional information about the transaction that the Company Secretary may reasonably request. The Company Secretary in consultation with other members or management, as she/he deems appropriate, and as per existing laws, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and to refer it to the Audit Committee for its prior approval in terms of Listing Regulations. Any subsequent modification of transactions of the Company with related parties will also require approval of Audit Committee.

5. MATERIALITY OF RELATED PARTY TRANSACTION:

As per Listing obligations and Disclosure Requirements, a transaction shall be considered **material**, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower. All such transactions require prior approval of the shareholders by way of Resolution.

According to Section 188 of the Companies Act, 2013 and Rules made thereunder, except with the prior approval of the company by a resolution, a company shall not enter into a transaction or transactions, where the transaction or transactions to be entered into,-

(a) as contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188, with criteria as mention below-

(i) sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188:

(ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;

(iii) leasing of property any kind amounting to ten percent or more of the turnover of the company, as mentioned in clause (c) of sub-section (1) of section 188:

(iv) availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188:

Explanation- It is hereby clarified that the limits specified in sub-clause (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

(b) is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188.

(c) is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

6. REVIEW AND APPROVAL PROCESS:

Approval of the Audit Committee:

Prior Approval of the Audit Committee is required for all Related Party Transactions and subsequent material modifications. In addition to this, only Independent Directors shall approve such related party transactions.

While considering any Related Party Transaction, the Audit Committee shall take into account all relevant facts and circumstances, including the terms and business purpose of such transaction, the benefits to the Company and the related party, whether such transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed transaction and any other relevant matters.

Where the ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company.

Any member of the Audit Committee who has a potential conflict of interest in any Related Party Transaction shall not vote to approve the relevant transaction

Approval of Board:

Consent of the board of Director is required for all Related Party Transactions as specified under section 188(1) of the Companies Act, 2013.

If the Audit Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory for any law to approve the Related Party Transaction, then the Board shall consider and approve the related party transactions and the considerations aforesaid shall apply to the review and approval of the matter by the Board of Directors, with such modifications, as may be necessary and appropriate under the circumstances.

No director who is interested in any such contract or arrangement shall be present at the meeting during discussion on the subject matter of the resolution proposed for Board approval.

Approval of shareholders:

All material Related Party transactions and transactions as defined in Clause 5 of the Policy shall require prior approval of shareholders through Resolution and the related parties will have to abstain from voting on such resolution.

No member who is a Related Party shall vote on Resolutions stated above.

All the transactions other than the Material Related Party Transactions, with the related parties which are not in the ordinary course of business or at arm's length basis shall require the approval of the shareholders through appropriate resolution, (special resolution or ordinary resolution, as may be required under any law, in force from time to time) and the related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

7. FACTORS TO BE CONSIDERED WHILE DEALING WITH RELATED PARTY TRANSACTION:

In determining whether to approve or ratify a Related Party Transaction, the Committee or the Board will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

1. Whether the transaction with the Related Person is proposed to be entered into (or was entered into) on terms no less favourable to the Company than terms that could have been reached with an unrelated Party;
2. The Purpose of, and the Potential benefits to the Company of, the transaction.
3. Whether the Related Party Transaction would impair the Independence of otherwise Independent Director.
4. Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into consideration the size of transaction, the direct or indirect interest in nature of transaction and the on-going nature of any proposed relationship and any other factors the committee deems fit.

In any case where the Committee determines not to approve Related Party Transaction, the Committee may direct modification of the transaction in a way to make it acceptable for approval. Further, the Committee will have authority to modify or waive any procedural requirements of this Policy.

8. AMENDMENT

Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act/Rules/Regulations or re-enactment, impacting the provisions of this Policy, shall

automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and/or amended to that extent, even if not incorporated in this Policy.

9. REVIEW

This Policy will be reviewed as and when required but at least once in three years.