

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

1. Alankit Limited ("Company") is governed, amongst others, by the Companies Act, 2013 and the rules framed thereunder, as amended ("Act"), and regulations framed by Securities and Exchange Board of India ("SEBI"). The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") has mandated every listed company to formulate a policy on materiality of Related Party Transactions and on dealing with Related Party Transactions ("Policy"). Accordingly, the Company has formulated this Policy. This Policy regulates all transactions between the Company and its Related Parties

2. **PURPOSE:**

This policy is framed to ensure proper review, approval and reporting of Related Party Transactions of the company in compliance of the requirements of Companies Act, 2013 together with relevant rules/SEBI (LODR) Regulations, 2015.

The policy envisages the procedure governing Related Party Transactions required to be followed by company to ensure compliance with the Law. The Policy on Related Party Transaction may be reviewed, approved and amended from time to time by the Board of Directors of the Company on the recommendation of the Audit Committee.

The recent amendments introduced vide SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 and SEBI circular dated December 30, 2024 has provided certain aspects related to related party transactions which are duly incorporated in this policy.

3. **DEFINITIONS:**

"Policy or this Policy" shall mean Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions.

"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.

"Ordinary course of business" means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.

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

- (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) 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 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 venture 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.

4. 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.

5. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTION:

Every promoter, director and key managerial personnel (KMP) of the Company and its subsidiaries/ Joint venture shall,

- I. at the time of appointment;
- II. periodically – as required by the Company or applicable law
- III. whenever there is any change in the information already submitted,

Provide requisite information about his / her Relatives and all firms, companies, body corporates, or other association of individuals, in which such promoter, director or KMP is interested, whether directly or indirectly, to the Company or the subsidiary/ Joint venture (as the case may be). Every such promoter, director and KMP shall also provide any additional information about the transaction that the Board /Audit Committee may reasonably request.

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.

6. 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,-

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

(ii) 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;

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

(iv) 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;

(v) 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.

STATUTORY/REGULATORY PROVISIONS GOVERNING APPROVAL

This part deals with approval to execute a RPTs including Material RPTs either from the Audit Committee or the Board of Directors of the company or the shareholders. This part also deals with Material Modifications requiring the approval of Audit Committee.

APPROVAL OF 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.

Further Regulation 23(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides that all related party transactions and subsequent material modifications shall require prior approval of the audit committee.

Regulation 23(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity subject to the conditions mentioned in the regulation.

Further pursuant to the amendment introduced vide *SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 and SEBI circular dated December 31, 2024*, certain provisions related to the Related Party Transactions of Subsidiary Companies are enumerated below:

Alankit Limited Audit committee may grant omnibus approval for related party transactions proposed to be entered into by its subsidiary subject to the following conditions.

- The details of RPTs shall be reviewed quarterly atleast once in a quarter by the Audit Committee
- Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
- Repetitiveness of the transactions (in past or in future)
- Justification for the need of omnibus approval
- Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

The Audit Committee shall also pre-approve Related Party Transactions, where the Company is not a party, but the Company's subsidiary is a party, if the value of such transaction crosses the thresholds as prescribed under the Listing Regulations

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.

Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction

APPROVAL OF SHAREHOLDERS:

Following transactions shall require prior approval of shareholders:

a. If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, or (ii) not in the ordinary course of business, or not at arm's length basis and exceeds certain thresholds prescribed under the Act, then such Related Party Transaction and any subsequent Material modification thereto, shall require shareholders' approval by a resolution. In such case, any member of the Company who is a Related Party, irrespective of being related to the said transaction or not, shall not vote on resolution passed for approving such Related Party Transaction.

ii. The provisions of Regulation 23(2), (3) and (4) of the Listing Regulations shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary and between two wholly-owned subsidiaries, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

iii. 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 Company would seek post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/ regulations.

REPORTING OF RELATED PARTY TRANSACTIONS

i. Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

ii. The details of all transactions with Related Parties shall be submitted, in the prescribed format to the stock exchanges, and requisite disclosures shall be made in other public documents/certificates as legally required, in the manner and as per the timelines set out in the Listing Regulations and the same shall be published on the Company's website.

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 favorable 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.

RATIFICATION OF RELATED PARTY TRANSACTIONS:

Pursuant to the amendments introduced vide ***SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 and SEBI circular dated December 31, 2024*** the Members of the audit committee, who are independent directors, may ratify RPTs within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to below mentioned conditions.

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
- (v) any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it."

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

Any subsequent notification, circular, guidelines or amendments under Companies Act, 2013/SEBI Regulations, Accounting Standards and all other applicable laws, as may be issued from time to time shall be mutatis mutandis applicable, even without any further modification or amendment in this policy. Irrespective of this position, the Board shall review and update the policy at an interval, not later than 3 years from the previous revision.

Note: In case of any ambiguity arising in any matter shall be dealt with by the committee and appropriate decision will be taken.