



Adhunik Industries Limited

POLICY ON RELATED PARTY TRANSACTIONS

[Pursuant to Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) 2015 and in accordance with the provision of Section 188 of Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014]

Adopted on: 29th May, 2014

Revised on: 14th November, 2015 (effective from 1st December, 2015)

Revised on: 28th March, 2019 (effective from the date on which it is notified from time to time)

ADHUNIK INDUSTRIES LIMITED
CIN: L27100WB1979PLC032200
Registered Office: 14, N.S. Road,
Kolkata: 700001



1. PREAMBLE:

This policy on Related Party Transactions (hereinafter referred to as “Policy”) of Adhunik Industries Limited (hereinafter referred to as “the Company”) and the amendment to this Policy, if any, by the Board of Directors of the Company or any committee thereof shall be effective from the date on which it is notified from time to time.

The Company always been committed to best corporate governance practices and this Policy is prepared for ensuring compliance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other regulatory provisions, as may be applicable.

2. OBJECTIVE:

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, Regulation 23 of the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

The Audit Committee of Directors (“Audit Committee”), shall review, approve and where permitted ratify Related Party Transactions based on this Policy in terms of the requirements under the above regulatory provisions as applicable.

3. DEFINITIONS:

- i. **“Act”** means the Companies Act, 2013.
- ii. **“SEBI Listing Regulations”** means SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended.
- iii. **“Regulation 23”** means the Regulation no. 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time
- iv. **“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.
- v. **“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. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.



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- vi. **“Audit Committee”** means the Committee of the Board constituted/re-constituted, from time to time, under the provisions of Regulation 18 of the LODR Regulations, 2015 read with Section 177 of the Companies Act, 2013, as in force.
- vii. **“Board of Directors”** or “Board” means the Board of Directors of Adhunik Industries Limited as constituted/re-constituted, from time to time.
- viii. **“Company”** means Adhunik Industries Limited.
- ix. **“Policy”** or **“this Policy”** means Related Party Transactions Policy.
- x. **“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. (Section 188 of the Companies Act, 2013).
- xi. **“Key Managerial Personnel”** or **“KMP”** shall have the meaning as defined in the Companies Act 2013 and as amended from time to time.
- xii. **“Relative”** with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder
- xiii. **“Material Related Party Transaction”** means a transaction with a related party if the transaction / transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed(s) 10% (ten percent) of the annual consolidated turnover of the company as per the last audited financial statements of the company. In case of payment to a Related Party for brand usage or royalty the materiality threshold will be 2% (two percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- xiv. **“Related Party”** have the meaning as defined in Section 2(76) of Companies Act, 2013 and Regulation 2(1)(zb) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, as amended.
- xv. **“Related Party Transaction”** have the meaning as defined under Regulation 2(1)(zc) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, as amended, transfer of resources, services or obligations between a listed entity and a related party, regardless of whether price is charged and a transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract, including but not limited to the following –
- (a) sale, purchase or supply of any goods or materials;
 - (b) selling or otherwise disposing of, or buying, property of any kind;
 - (c) leasing of property of any kind;



- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation and as amended from time to time.

4. MATERIALITY THRESHOLDS:

Under Listing Regulations:

Regulation 23 of the SEBI Listing Regulations requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required. None of the related parties of a company shall vote to approve on such resolution irrespective of whether the entity is a related party to the particular transaction or not (RP's can cast only negative vote to reject the shareholders resolution on material RPT).

Provided that approval from shareholders will not be required for Material Related Party Transaction in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.

Adhunik Industries Limited has fixed the following materiality threshold for the purpose of Regulation 23(1), 23(1A) and 23(4) of the SEBI Listing Regulations:

-) Payment to a Related Party with respect to brand usage or royalty – 2% of the annual consolidated turnover of the Company as per last its audited financial statements.
-) Other transactions with a Related Party - 10% of the annual consolidated turnover of the Company as per its last audited financial statements

Related Party Transaction policy on materiality and its threshold limits shall be reviewed by the Board of Directors of the Company once in every three years and updated accordingly.



Under Companies Act, 2013:

Sr. No.	Transactions or contracts or arrangements for	*Limits for the time being in force [as per Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014]
1.	Sale, purchases or supply of any goods or materials, directly or through appointment of agent	<p>Lower amongst the following:</p> <p>(i) exceeding 10% of the turnover of the company ; or (ii) Rs. 100 crore</p> <p>For the transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.</p>
2.	Selling or otherwise disposing of, or buying property of any kind, directly or through appointment of agent	<p>Lower amongst the following:</p> <p>(i) exceeding 10% of the net worth of the company; or (ii) Rs.100 crore</p> <p>For the transaction or transactions to be entered in to either individually or taken together with the previous transactions during a financial year</p>
3.	Leasing of property of any kind	<p>Lower amongst the following:</p> <p>(i) exceeding 10% of the net worth of the company ; or (ii) 10% of the Turnover of the company; or (iii) Rs.100 crores</p> <p>For the transaction or transactions to be entered in to either individually or taken together with the previous transactions during a financial year.</p>
4.	Availing or rendering of any services, directly or through appointment of agent	<p>Lower amongst the following:</p> <p>(i) exceeding 10% of Turnover of the Company; or (ii) Rs.50 crores</p> <p>For the transaction or transactions to be</p>



		entered in to either individually or taken together with the previous transactions during a financial year.
5.	For appointment to any office or place of profit in the Company, its Subsidiary Company or Associate Company	Where monthly remuneration exceeds Rs. 2,50,000
6.	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company	For amount exceeding 1% of Net Worth of the Company
<p>* shall be considered as amended from time to time in line with the amendment in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 by the Central Government.</p> <p>Annual turnover and net worth referred above shall be computed as per audited financial statements for the preceding financial year.</p>		

5. IDENTIFICATION OF RELATED PARTY TRANSACTIONS:

- a) Each Director and Key Managerial Personnel is responsible for providing written notice to the Compliance Officer of his/her relatives and their respective interest in other entities which could result in such relative/entity becoming a Related Party. Any change in such information shall also be forthwith provided by such Director and Key Managerial Person.
- b) Compliance Officer shall, based on information received from each Director and Key Managerial Person, identify and prepare a list of Related Parties for a given period under the provisions of Companies Act, 2013 and Indian Accounting Standard (Ind AS) 24 issued by The Institute of Chartered Accountants of India (ICAI) or as provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- c) Responsible Person shall collate the information, coordinate and send the Related Party List to the concerned employees which may include MD, CFO, Business Heads (If any), Branch Heads (if any), the Finance & Accounts Department and Statutory Auditors and who he believes might be in the position to conduct or know of the possible conduct of Related Party Transactions.
- d) Functional departmental heads shall submit to the Compliance Officer the details of proposed transaction with details/draft contract/ draft agreement or other supporting documents justifying that the transactions are on arms' length basis in an ordinary course of business at prevailing market rate. Based on this note, Compliance Officer will appropriately take it up for necessary prior approvals from the Audit Committee at its next meeting and convey back the decision to the originator.



- e) The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Compliance Officer has adequate time to review information about the proposed transaction and need for obtaining approval of Audit Committee, Board or shareholders of the Company as the case may be.
- f) In addition, the Compliance Officer may require periodical update of the information from Directors and KMPs for identification of Related Parties.
- g) The Compliance Officer shall also periodically review the structure to identify any new related party.
- h) The Compliance Officer shall maintain database of all Related Parties based on the notice / declaration received from Directors/KMPs including Group entities and share the same with Head-Accounts and Chief Financial Officer on a quarterly basis to monitor the transactions with them.
- i) Any potential Related Party Transactions that are brought to the attention of Head Accounts or Chief Financial Officer shall be referred for analysis by the Secretarial Department, in consultation with management and with an external consultant, if required and if it thinks as appropriate. The Board shall record the disclosure of interest and the Audit Committee shall determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

6. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS:

A) Approval of the Audit Committee:

All related party transactions require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- a) The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following namely:
 - i) Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
 - ii) The maximum value per transaction which can be allowed;
 - iii) extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval;
 - iv) review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each omnibus approval made;
 - v) transactions which cannot be subject to the omnibus approval by the Audit Committee.



- b) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-
- i) repetitiveness of the transactions (in past or in future);
 - ii) justification for the need of omnibus approval
- c) The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company;
- d) The omnibus approval shall provide details of (i) the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into, (ii) basis of arriving at the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit.

Provided that where the need for related party transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees 1 crore per transaction

- e) The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the company pursuant to the omnibus approval given;
- f) Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.
- g) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company;
- h) Any other conditions as the Audit Committee may deem fit.

B) Approval of the Board of Directors of the Company:

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- a) Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;



- b) Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- c) Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval;
- d) Transactions meeting the materiality thresholds laid down in Clause 4 of the Policy, which are intended to be placed before the shareholders for approval.

C) Approval of the Shareholders of the Company:

All the transactions with related parties exceeding the materiality thresholds, laid down in clause 4 of the Policy, are placed before the shareholders for approval.

For this purpose, none of the related parties of the Company shall vote to approve on such shareholders' resolution irrespective of whether the entity is a related party to the particular transaction or not. (RP's can cast only negative vote to reject the shareholders resolution on material RPT).

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

However, the requirement of shareholders' approval for Material Related Party Transactions shall not be applicable for the following cases:

- J transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.
- J transactions entered into between the company and its wholly owned subsidiary whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval

7. DISCLOSURES:

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transaction.



The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

In addition to the above, the Company shall also provide details of all related party transactions exceeding the materiality threshold (laid down in Clause 4 of the Policy above) on a quarterly basis to the stock exchanges.

8. 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 Audit Committee. The Audit 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 Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation by the defaulting person (as may be decided by the Audit Committee) to the related party or the Company as the case may be, etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

9. POLICY REVIEW:

This Policy is framed based on the provisions of the Companies Act, 2013 and the rules made thereunder including the Companies (Meetings of Board and its Powers) Rules, 2014, and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. In the event of any conflict between this Policy and the Applicable Laws, the Applicable Law shall prevail.

This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Audit Committee would be presented for approval of the Board of Directors.