



Policy on Related Party Transactions
Of
Alliance Integrated Metaliks Limited

POLICY ON RELATED PARTY TRANSACTIONS

1. PREAMBLE

Alliance Integrated Metaliks Limited (the “Company”) is committed to adopt the best practices of Corporate Governance and maintains high levels of ethical and legal conduct in fulfilling its responsibilities as a corporate citizen.

The Company recognizes that related party transactions can present a risk of actual or apparent conflicts of interest of the Directors and KMPs with the interest of the Company and hence has laid down a comprehensive policy for governing the Related Party Transactions.

The Board of Directors of Company had adopted the policy on dealing with Related Party Transactions of the Company in compliance with the provisions of the Companies Act, 2013, and the rules made thereunder (the “Act”), Indian Accounting Standard -24 and the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the “LODR Regulations”).

The Policy is applicable to all Related Party Transactions irrespective of their value and size.

2. OBJECTIVE

This policy is intended to ensure the proper approval and reporting of transactions as applicable, between the Company and any of its related party in the best interest of the Company and its Stakeholders.

Provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws. This Policy shall supplement the Company’s other policies in force that may be applicable to or involve transactions with related persons.

The Board of Directors reserves the power to review and amend this policy from time to time. Any exceptions to the Policy on Related Party Transactions must be consistent with the Companies Act 2013, including the Rules promulgated thereunder, Indian Accounting Standard - 24 and LODR Regulations and must be approved in the manner as may be decided by the Board of Directors.

3. DEFINITIONS

- i. “Act”** means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.
- ii. “Arm’s length basis”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

iii. “Associate Company”, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation.—“significant influence” means control of at least twenty percent of total share capital, or of business decisions under an agreement.

iv. “Board” means the Board of Directors of the Company.

v. “Company” means Alliance Integrated Metaliks Limited.

vi. Concerned or Interested Director, means a director, who is in any way, whether directly Or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into:

- a) with a body corporate in which such director or such director in association with any other directors, holds more than two percent shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or
- b) with a firm or other entity in which, such director is a partner, owner or member, as the case may be

vii. “Control” includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:

Provided that a director or officer of the company shall not be considered to be in control over such company, merely by virtue of holding such position;

viii. “Key Managerial Personnel” means Key Managerial Personnel of the Company as defined by the Companies Act, 2013 and the Rules made thereunder and includes:-

- a) Chief Executive Officer or the Managing Director or the Manager;
- b) Whole-time Director;
- c) Company Secretary;
- d) Chief Financial Officer;

Key Management Personnel as per Indian Accounting Standard (Ind-AS) 24:

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

ix. “Policy” means Related Party Transaction Policy of the Company.

x. “Related Party” means a person or an entity which is related party as per

- a) Section 2(76) of the Companies Act, 2013.
- b) As per Regulation 2(zb) of the Listing Regulations
- c) Applicable Accounting Standards.

xi. “Relatives” with reference to any person, means anyone who is related to another, if-

- 1) They are members of a Hindu Undivided Family;
- 2) They are husband and wife; or
- 3) One person is related to the other in the following manner, namely: -
 - a) Father (including step-father)
 - b) Mother (including step-mother)
 - c) Son (including step-son)
 - d) Son’s Wife
 - e) Daughter
 - f) Daughter’s Husband
 - g) Brother (including step-brother)
 - h) Sister (including step-sister)

xii. “Related Party Transaction(s)” means the transactions, contracts and arrangements prescribed in Section 188 of the Act, as defined under the Listing Regulations and defined under applicable Indian Accounting Standards, and shall include transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged or not. Any transaction with a Related Party shall be construed to include single transaction or a group of transactions in a contract. The following transactions shall, inter alia, qualify to be Related Party Transactions as per Companies Act, 2013:

- 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;

xiii. “Material Related Party Transaction” means a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013 or the Listing Regulation, from time to time.

A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

4. IDENTIFICATION OF RELATED PARTY TRANSACTIONS

Every Director shall at the beginning of the financial year provide information by way of written notice to the company regarding his concern or interest in the entity with specific concern to the parties which may be considered as related party as per the policy. Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this policy.

The Company will identify potential transaction with related parties based on written notices of concern or interests received from its Directors/Key Managerial Personnel in the manner prescribed in the Companies Act, 2013 and rules made thereunder.

Every Director, Key Managerial Personnel shall also make annual disclosures as under:

- a. List of Relatives
- b. List of private companies where the Company's Director is either a director or a member.
- c. List of firms where the Company's director or his relatives are partner.
- d. List of Public companies in which any director is also a director and he, alongwith his/her relatives also holds more than 2% of the shareholdings.
- e. Any other relevant information/disclosure required under the Act, applicable Indian Accounting Standards and Listing Regulations.

Every Director and Key Managerial Personnel shall also promptly intimate any change in the annual disclosures mentioned above to the Company.

5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

(i) Approval by the Audit Committee :

The Company shall not enter into any Related Party Transactions with any Related Party without prior approval of the Audit Committee. The Notices referred to in Clause 4 above received by the Company from the Directors, Key Managerial Personnel or any other employee shall be forwarded to the Company Secretary with a direction to convene a meeting of the Audit Committee.

The Company Secretary shall convene the meeting of the Audit Committee, as directed, and shall place all the relevant information/documents relating to the proposed Related Party Transaction(s) before the Audit Committee, which inter- alia shall include:

- a) The name of the Related Party and nature of relationship;
- b) The nature, duration and particulars of the contract or arrangement; such as business purpose of the transaction, the benefit of the contract or arrangement to the Company/Related Party etc.
- c) The material terms and conditions of the contract or arrangement including the value, if any;
- d) Any advance paid or received for the contract or arrangement, if any;
- e) The manner of determining the pricing and other commercial terms, both included as part of contract and also not considered as part of the contract;
- f) Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- g) Any other information relevant or important for the Audit Committee and/or Board of Directors to take a decision on the proposed Related Party Transaction.

If any member of the Audit Committee is interested in any Related Party Transaction with a Related Party, such member shall not be present at the Audit Committee Meeting, neither during the discussions on the subject matter nor at the time of voting on the resolution relating to such Related Party Transaction.

Wherever necessary, the Audit Committee may, after examining all the documents, grant omnibus approval for Related Party Transactions, proposed to be entered into by the Company, subject to the following conditions:

1. The transactions qualify to be in the “Ordinary Course of business” as defined above and satisfy “Arm’s length price” condition.
2. The transactions are repetitive in nature
3. The Audit Committee has satisfied itself the need for such omnibus approval and that such approval is in the interest of the Company.
4. Such omnibus approval shall specify the name(s) of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, the indicative base price/current contracted price and the formula for variation in the price if any, and such other conditions as the Audit Committee may deem fit.
5. Where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions, subject to their value not exceeding Rs. One Crore per transaction.
6. Audit Committee shall review on a quarterly basis, the details of Related Party Transactions, entered into by the Company pursuant to any omnibus approval granted.
7. The omnibus approval granted shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
8. A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.

(ii) Approval of the Board:

The following Related Party Transactions shall be subject to prior approval of the Board of Directors:

- a) If the Audit Committee is of opinion that a particular Related Party Transaction should be brought before the Board or if the Board in any case decides to review any such transaction;
- b) Where it is mandatory under any law for Board to approve the Related Party Transactions;
- c) Related Party Transactions in which the directors or the Key Managerial Personnel are concerned or interested;
- d) Related Party Transactions which are not:
 - i. in the ordinary course of business; or
 - ii. conducted at an arm’s length basis

The Board of Directors shall consider the information/documents placed before it and either approve or reject the proposed Related Party Transactions with a Related Party, referred above.

The Board of Directors shall also obtain approval of the shareholders by way of a Resolution for the approval of the Related Party Transactions on transactions with Related Parties which are not in the Ordinary Course of Business and/or which are not on Arm’s Length basis or which are Material Transactions, Prior Approval of shareholders shall also be required if any related party transaction(s) exceeds such limits as mentioned under the Act and rules thereto or Listing Agreement including any amendment thereto from time to time.

If the approval of the shareholders is proposed to be sought at the General Meeting, the Board of Directors shall fix the date of such General Meeting and shall also approve the Notice of the same. The Explanatory Statement to be attached to such Notice shall inter alia include the following particulars name:

- Name of the Related Party;

- Name of the director or key managerial personnel who is related, if any;
- Nature of relationship;
- Nature, material terms, monetary value and particulars of the contract or arrangement;

Any other information relevant or important for the shareholders to make an informed decision.

If any director is interested in any Related Party Transaction with the Related Party, he/she shall not be present at the Board Meeting, neither during the discussion on the subject matter, nor at the time of voting on the resolution relating to such Related Party Transaction.

(iii) Approval by the Shareholders:

No transaction, contract or arrangement referred above which are subject to approval of the shareholder shall be carried out/entered into with a Related Party, without the prior approval of the shareholders by way of a Resolution.

All entities falling under the definition of Related Parties shall abstain from voting on such Resolution relating to any transaction, contract or arrangement which is proposed to be entered into by the Company, with such Related Party, irrespective of whether the entity is a party to them particular transaction or not.

All material related party transactions shall require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not:

6. RATIFICATION OF EXCEPTIONAL CASES:

Any transaction, contract or arrangement entered into by a Director or any other employee with the Company, without obtaining the consent of the Audit Committee or Board of Directors or approval by a Resolution of the General Meeting, wherever applicable, can in genuine cases be ratified by the Audit Committee and/or the Board of Directors or the shareholders, as the case may be, at a General Meeting, as permitted in the Act, provided that such Director or any other employee who had authorised such transactions agrees to indemnify the Company against any loss incurred by the Company.

Approval for such exceptional Related Party Transactions shall be granted by the Audit Committee and/or Board of Directors, as the case may be on merit and approval of the shareholders by way of Resolution shall also be obtained, wherever required.

If the approval sought from the Audit Committee, Board of Directors and the shareholders is not granted, the transaction, contract or arrangement shall stand cancelled with immediate effect and the Director or the concerned Person shall be liable to indemnify the losses, if any, caused to the Company on account of the said Related Party Transaction.

For the purpose of indemnification of loss, it will be open for the Company to proceed against a director or any other employee who had entered into such contract or arrangement in contravention of the provisions of the Act, for recovery of such loss.

7. GENERAL EXEMPTION:

There is no approval required for transactions entered into between the Company and its wholly owned subsidiary(ies) whose accounts are consolidated with the Company and placed before the Shareholders of the Company for approval.

Provided that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

8. DISCLOSURES:

The Company shall maintain a register pursuant to Section 189 of the Act and enter therein the particulars of all the Related Party Transactions with a Related Party.

Every transaction, contract or arrangement entered into with Related Parties shall be referred to in the Report of the Board of Directors to the shareholders along with the justification for entering into such transaction, contract or arrangement.

Details of all Material Transactions with Related Parties shall be disclosed to the Stock Exchanges where the securities of the Company are listed.

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.

Disclosure regarding Related Party relationship and transactions to be made in the Financial Statements as required under the relevant/applicable Indian Accounting Standards and /or Listing Regulations.

This Policy shall be disclosed on the website of the Company and such web link shall also be provided in the Annual Report.

A summarized statement of all transactions with related party executed during the quarter pursuant to any contract or arrangement approved by the Audit Committee or the Board or the Shareholders, as applicable, shall be submitted to the Board as well as the Audit Committee in regular quarterly meetings for information, review and noting.

9. Manner of handling related party transactions not approved under this Policy

In the event any Director, KMP or any other officer or employee or the Company become aware of any transaction with related party in deviation of this Policy, such person shall promptly notify the Company Secretary of such transaction, who shall ensure that such transactions are brought to the notice of the Audit Committee or the Board of Directors as applicable, at the earliest possible time but not later than the first Audit Committee or the Board of Directors meeting held after the date of such intimation. The Committee / Board as applicable, shall evaluate such transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction.

In connection with such evaluation and review of the Related Party Transaction, the Committee / Board as applicable, shall have the authority to modify or waive any procedural requirements of this Policy.

10. MISCELLANEOUS:

This Policy, as amended up to date, shall come into force w.e.f. date of its adoption and may be revised by the Board, if it so deems fit.

If any provision of this Policy contravenes any provision of the Act, Applicable Accounting Standards and Listing Regulations, that provision of this Policy shall always be deemed to have been amended since inception in line with the applicable provisions of the Act, Applicable Accounting Standards and Listing Regulations.
