



## **POLICY ON RELATED PARTY TRANSACTIONS**

For the purposes of this policy, the following definitions apply:

**“Relative”** as per the provisions of Section 2(77) of the Companies Act, 2013 means—

- (i) They are members of a Hindu Undivided Family;
- (ii) They are husband and wife; or
- (iii) One person is related to the other as under:
  - a) Father includes Step-father
  - b) Mother includes Step Mother
  - c) Brother includes Step-brother
  - d) Son includes Step-son includes son’s wife
  - e) Sister includes Step-sister
  - f) Daughter includes Daughter’s husband

### **“Related Party”:**

#### **a. As per Listing Regulations:**

**Related Party** means a person or an entity:

- (i) which is a related party under section 2(76) of the Companies Act, 2013; or
- (ii) which is a related party under the applicable accounting standards.

**b. As per The Companies Act, 2013:** Related Party under section 2(76) of the Companies Act, 2013 and rules made thereunder are as follows:-

- i. A director or his relative;
- ii. A key managerial personnel(KMP) 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 or holds along with his relatives, more than two per cent of its paid-up share capital;
- vi. Any body corporate who’s 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; and
- ix. 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” means:**

a. As per Listing Regulations:

A related party transaction is a transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged. A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

b. As per Section 188 of the Companies Act, 2013:

Any contract or arrangement with respect to the following shall be considered as a Related Party Transaction:

- 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;
- appointment of a person to any office or place of profit in the company, its subsidiary company or associate company; and
- under writing the subscription of any securities or derivatives thereof of the Company.

**“Material Related Party Transactions”:**

As per Explanation to sub regulation (1) of Regulation 23 of the Listing Regulations, a Related Party Transaction shall be considered Material, if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited Financial Statements of the Company.

**“Arms’ length transaction”:**

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.

**“Associate Company”:**

As per the Provisions of Section 2(6) of the Companies Act, 2013, 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.

**“Key Managerial Personnel (KMP)” means:**

- (i) The Chief Executive Officer or the Managing Director or the Manager and in their absence the Whole-time Director;
- (ii) The Company Secretary and
- (iii) The Chief Financial Officer

The broad Policy covering various aspects of review, approval mechanism and implementation is described below:



**D) APPROVING AUTHORITY:**

**A. BY THE AUDIT COMMITTEE:**

**Under the Listing Regulations:**

All Related Party Transactions as per Listing Regulations shall require the prior approval of the Audit Committee at a Meeting of the Audit Committee or by Circulation.

**Under the Companies Act, 2013:** Any transaction or any subsequent modification of transactions of the Company with related parties shall require the approval of the Audit Committee at a Meeting of the Audit Committee or by Circulation.

**B. BY THE BOARD OF DIRECTORS:**

**Under the Listing Regulations:** All Material Related Party Transactions under the Listing Regulations which are subject to approval of the shareholders shall require the approval of the Board of Directors at a Meeting of the Board or by Circulation.

**Under the Companies Act, 2013:** All "Related Party Transactions which are not in Ordinary Course of Business or not at an Arm's Length" shall require the prior approval of the Board of Directors at a Meeting of the Board and cannot be passed by Circulation.

**Specific Approval by the Audit Committee:**

All the transactions that are identified as Related Party Transactions under the scope of this Policy and not covered under Omnibus Approval mechanism, shall be placed before the Audit committee for approval with the relevant material information of the Related Party Transaction, covering:

- a) name of the related party
- b) nature of the transaction
- c) period of transaction
- d) amount of transaction that can be entered into
- e) price and the formula for variation in the price if any and taxes
- f) payment security and payment terms
- g) warranties and guarantees
- h) justification for the arm's length nature of transaction and
- i) Compliance under the Act, Listing Regulations and other legal aspects

**DISCLOSURE:**

The particulars of contracts or arrangement with related parties referred in section 188(1) of the Companies Act 2013 should be disclosed in the Directors Report in the prescribed format. The particulars of contracts or arrangement with related parties as per the Accounting Standards should be disclosed in the Financial Statements in the prescribed format. Details of all material transactions with the Related Parties should be disclosed to the Stock Exchanges on quarterly basis along with the Corporate Governance Compliance Report. 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.

**AMIC FORGING LIMITED**

*G. h. Chamaic.*

**Managing Director**