

POLICY ON
RELATED PARTY TRANSACTIONS
OF
ASHAPURA MINECHEM LIMITED
(CIN: L14108MH1982PLC026396)

POLICY ON RELATED PARTY TRANSACTIONS

1. Preamble

Ashapura Minechem Limited (the Company) has always adhered to good Corporate Governance policies and accordingly, the Board of Directors of the Company considering the significance of transactions with related parties has adopted the following policy on related party transactions which is in line with the requirements of Section 188 of Companies Act, 2013 read with Rules made there under and Clause 49 of the Listing Agreement on Corporate Governance and subsequent amendments thereto.

The Board, however, may consider amendments to this Policy based on the recommendations of the Audit Committee, from time to time.

2. Objective

This Policy is framed to regulate transactions between the Company and related parties, as also to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its related parties which is collectively in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to ensure transparency in all dealings with related parties that is in the best interest of the Company and its shareholders.

3. Definitions

- i. "The Act"** means the Companies Act, 2013, together with the Rules notified there under including any statutory modifications or re-enactments thereof for the time being in force (hereinafter referred to as "the Act").
- ii. "Accounting Standards"** means the standards of accounting or any addendum thereto for companies or class of companies referred to in section 133 of the Act.
- 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. "Policy"** means Policy on Related Party Transactions.
- v. "Board"** means Board of Directors of the Company.
- vi. "Audit Committee"** means Committee of Board of Directors of the Company constituted under the provisions of the Act and Listing Agreement with the Stock Exchanges.

- vii. “Key Managerial Personnel” or “KMP” means:**
- a. The Chief Executive Officer (CEO) or the Managing Director or the Manager or The Whole-time director; as defined under the Act;
 - b. The Company Secretary; and
 - c. The Chief Financial Officer (CFO)
 - d. Such other officer as may be prescribed
- viii. “Relative”, with reference to any person, means one who is related to another in any of the following manner —**
- a. if they are members of a Hindu Undivided Family
 - b. if they are husband and wife
 - c. Father (including step-father)
 - d. Mother (including step-mother)
 - e. Son (including step-son)
 - f. Son’s wife
 - g. Daughter
 - h. Daughter’s husband
 - i. Brother (including step-brother)
 - j. Sister (including step-sister)
- ix. “Related Party” is a person or an entity which is:**
- a. a related party under Section 2(76) of the Act; or
 - b. a related party under the applicable Accounting Standards.
- x. “Related Party Transaction” means a transaction involving transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged and includes the following transactions:**
- 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
 - 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

Explanation: Related Party Transaction includes a single transaction or a group of transactions in a contract, with a Related Party.

- xi. “Material Related Party Transaction” means a transaction with a Related Party if the transaction(s) to be entered into individually or taken together with previous transaction(s) during a financial year exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company prepared in accordance with the Act.**
- xii. “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.**
- xiii. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 and the Listing Agreement.**

4. Policy

All Related Party Transactions must be reported to the Audit Committee and referred for approval of the Committee or the Board or the Shareholders as required under this Policy.

i. Identification of Related Party Transactions:

- a.** Every Director and the Key Managerial Personnel will be responsible for providing a declaration in the prescribed format on an annual basis to the Company Secretary and will also be responsible to update the Company Secretary of any changes therein immediately on him / her becoming aware of such changes.
- b.** The Company Secretary shall maintain an updated database of Company's related parties containing the names of individuals and entities, identified on the basis of the definition set forth in the definition section above and the declaration as received from the Directors and Key Managerial Personnel. The database shall be reviewed quarterly by the Company Secretary and the Functional Heads looking after Accounts and Finance function.
- c.** Every Director, Key Managerial Personnel, Functional Heads and/or Company Secretary will be responsible for providing prior notice to the Board/Audit Committee of any potential Related Party Transaction, including any additional information about the transaction that the Board/Audit Committee may reasonably request. This will provide the Board/Audit Committee members adequate time and information to consider and review the proposed transaction(s).
- d.** The Board/Audit Committee will determine whether the transaction, in fact, constitute a Related Party Transaction requiring compliance with this policy. The Board/Audit Committee may delegate such powers to the officer(s) of the Company as it deems fit.

ii. Approval for Related Party Transactions

The Company shall not enter into any Related Party Transaction except as stated hereinafter.

a. Transactions requiring approval of Audit Committee:

- All Related Party Transactions shall require approval of the Audit Committee.
- Except for transactions between the Company and its wholly owned subsidiary/(ies) ("wos") whose accounts are consolidated with the Company and placed before the shareholders at the general meeting of the Company for approval, all Related Party Transactions shall require a prior approval of the Audit Committee.
Provided that any Related Party Transaction which is not in the ordinary course of business or not at arm's length shall also require a prior approval of the Audit Committee.

b. Omnibus Approval of the Audit Committee:

The Audit Committee shall grant omnibus approval to Related Party Transactions that are:

- i. repetitive in nature; and/or
- ii. entered in the ordinary course of business and are at Arm's Length.
Such omnibus approval will be granted to the transactions which, in addition to meeting the above criteria, also satisfy the following considerations:
- iii. The transaction in question is necessary to be executed as it is in the business interest of the Company;
- iv. If the transaction to be entered into with a Related Party is concerning technology transfer, intellectual property or specialized services that are proprietary in nature;
- v. The requisite information is presented to the Audit Committee's satisfaction, to confirm that the transaction is at Arm's Length and in ordinary course of business;
- vi. Such omnibus approval shall specify:
 - a. the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
 - b. the indicative value and the formula for variation in the value, if any and
 - c. such other conditions as the Audit Committee may deem fit;Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
In case of any Related Party Transactions that cannot be foreseen or transactions in respect of which complete details are not available, the Audit Committee may grant an omnibus approval for such transactions provided that the value does not exceed Rs.1 crore per transaction in a financial year
- vii. The Audit Committee shall on quarterly basis review the details of the Related Party Transactions entered into by the Company pursuant to the omnibus approval.
- viii. In an unforeseen event where a Related Party Transaction is to be entered, for which Omnibus approval has not been given by the Audit Committee, needs to be entered due to business exigencies between two Audit Committee meetings, the Audit Committee may approve such Related Party Transaction by passing a resolution by circulation, after satisfying itself that such transaction is in the interest of the Company.
- ix. Ratification, if any, of a Related Party Transaction after its commencement or completion will be approved by the Audit Committee in exceptional circumstances only.
- x. Any member of the Audit Committee, who has a potential interest in any Related Party Transaction, will rescue him or herself and abstain from voting on the approval or ratification of such Related Party Transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval or ratification of the Audit Committee.

c. Transactions requiring approval of Board:

Following transactions shall require a prior approval of the Board:

- Related Party Transactions which are not in the ordinary course of business or not at arm's length price.
- Material Related Party Transactions.

Any member of the Board who has a potential interest in such Related Party Transaction will rescue him or herself and abstain from voting on the approval of such Related Party Transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval of the Board.

d. Transactions requiring approval of Shareholders of the Company:

- All Material Related Party Transactions shall require approval of the Shareholders of the Company by way of a special resolution passed at the general meeting of the Company; and all Related Parties shall abstain from voting on such resolution irrespective of whether the entity is a party to the particular transaction or not. However, the said provision is not applicable in respect of the transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- All Related Party Transactions which are not in the ordinary course of business or not at arm's length and which are in excess of the limits prescribed under the Act as amended from time to time requiring the approval of shareholders, shall require a approval of the Shareholders by way of a special resolution passed at the general meeting of the Company; and in such cases, the Related Party/(ies) to the transaction shall abstain from voting on such resolution.

Provided that the conditions mentioned in the said clauses shall not be applicable to the transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

iii. Approval & Review Mechanism:

- a. While seeking the approval of the Audit Committee, Board or the Shareholders, all information that is relevant and necessary to the Related Party Transaction and as prescribed under the Laws shall be duly provided to the Audit Committee, Board or Shareholders, as the case may be.
- b. A Related Party Transaction entered into without prior approval of the Audit Committee shall not be deemed to violate this policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee for ratification as promptly as reasonably practical after it is entered into and such transaction is ratified.
- c. Any Director or Key Managerial Personnel who is interested in any Related Party Transaction shall not be present at the meeting of the Board or Audit Committee during discussions on the subject matter of the resolution relating to such transaction.

- d. The Audit Committee shall review, on a quarterly basis, the details of all Related Party Transactions entered into by the Company.
- e. On a quarterly basis, the management shall submit a report to the Audit Committee providing a comparison between the approvals granted and the actual transactions.

iv. Disclosure:

- a. Appropriate disclosures as required under the Laws shall be made in its Annual Return, Boards' Report and at such other places and to the Stock Exchanges on which equity shares of the Company are listed and such other authority as may be prescribed under the Laws.

5. General

- i. The Policy would be subject to revision/amendment in accordance with the Laws. The Audit Committee shall review the Policy from time to time for making suitable amendments and for better implementation of the Policy.
- ii. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
- iii. The power to interpret and administer the Policy shall rest with the Chairman of the Audit Committee whose decision shall be final and binding. The Chairman is also empowered to make any supplementary rules/orders to ensure effective implementation of the Policy. These will, however, be reported to or tabled before the Audit Committee, from time to time, to ensure the Committee's oversight on these issues.
- iv. Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the website of the Company and web link thereto shall be provided in the annual report of the Company.