

ATLAS JEWELLERY INDIA LIMITED (AJIL)

RELATED PARTY TRANSACTION POLICY (RPT)

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1. Introduction

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Accordingly, the Company has formulated this policy (Policy) on materiality of Related Party Transactions and on dealing with Related Party Transactions. This Policy regulates all transactions between the Company and its Related Parties (as defined below).

Further this policy is in line with the requirements of Regulations 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR 2015”), which requires the Company to formulate a policy on materiality of related party transactions and dealing with related party (“The Policy”).

Further as required under the LODR Amendment Regulations, the present MRPT Policy of the Company is being replaced with this amended version as part of the review and reassessment process.

2. Objective of the Policy

The Key Policy Objectives are as under-

- 2.1 Define the materiality thresholds for related party transactions and;
- 2.2 Set out the manner of dealing with such transactions, arrangements or contracts.

3. Key Definitions

All the terms used and defined herein are in addition to those defined in the Act, LODR 2015 or any other applicable law or regulation:

- 3.1 Act means the Companies Act, 2013 and Rules made thereunder, as amended from time to time.
- 3.2 Rules means the Companies (Meetings of Board and its Powers), Rules 2014, as amended from time to time.
- 3.3 Secretarial Standards (SS) **means** the secretarial standards specified by the Institute of Company Secretaries of India (ICSI) and approved as such by the Central Government and amended from time to time under Section 118 (10) of the Act.
- 3.4 LODR 2015, means Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

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- 3.5 Company or AJIL, means ATLAS Jewellery India Ltd.
- 3.6 Director means a director appointed by the Board of the Company as per Section 2(34) of the Act.
- 3.7 Board of Director, or Board means, the collective body of directors of the Company as per Section 2 (10) of the Act.
- 3.8 Memorandum & Articles of Association, (MOAOA) refers to the memorandum and articles of association of the Company.
- 3.9 AC means Audit Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable LODR 2015 regulations.
- 3.10 ACC means the Audit Committee Charter presently in force.
- 3.11 Related Party (RP), is a party which falls within the definition of
- Section 2(76) of the Companies Act, 2013 read with the rules made thereunder or
 - The applicable Accounting Standards, or
 - Regulation 2(zc) of LODR 2015.
- 3.12 Related Party Transactions (RPT), relates to all the transactions, contracts or arrangements with a related party and which fall within the ambit of
- Section 188 (1) of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules 2014 as amended.
 - Regulation 2(zb) of LODR 2015.
- These include sale, purchase, leasing or supply of goods or property, availing/ rendering of any services, appointment of agents for any of these transactions, underwriting of securities and transfer of resources, services or obligations between the Company and its related party/ies, regardless of whether a price is charged or not.
- 3.13 Arm's Length Transaction (ALT) means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- 3.14 Ordinary course of business (OCB), means the normal 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 its Memorandum & Articles of Association. The Board and Audit Committee may however lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

4 Materiality Threshold for Related Party Transactions

Materially Related Party Transaction (MRPT's) means, any contract, arrangement or transaction covered under section 188(1) or the Act or Regulation 2 (zc) of the LODR 2015 with a Related Party in excess of the below mentioned threshold limits-

- if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- Notwithstanding the above, a transaction involving payments made to a Related Party with respect to brand usage or royalty 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 Company as per the last audited financial statements of the Company.

5 Approval Matrix for Related Party Transactions

5.1 Audit Committee Approval

All related party transactions shall require the prior clearance and approval of the Audit Committee irrespective of its materiality.

5.2 Board Approval

All RPT's recommended by the Audit Committee, which are not in ordinary course of business and / or not at arm's length shall be approved by the Board.

5.3 Shareholder Approval

All RPT's covered under Rule 15(3) of the Companies (Meeting of Board and its Power) Rules 2014 as amended or under Regulation 23(4) of LODR 2015 and recommended by the Audit Committee and approved by the Board shall be put up to the shareholders for approval.

6 Audit Committee- RPT Approval Procedure

6.1 RPT transactions and their pre-approval

- 6.1.1 All related party transactions shall require the prior clearance and approval of the Audit Committee irrespective of its materiality including any subsequent modification/s thereof.

6.2 Omnibus Approval

6.2.1 The Committee can also give omnibus approval for certain related party transactions for a period not exceeding one (01) financial year. And fresh approvals have to be sought from the Committee after the expiry of each such financial year.

6.2.2 The Committee shall consider the following factors for any omnibus approval under this Policy-

- Repetitiveness of the transactions and subject to such criteria/conditions as mentioned under Regulation 23(3) of LODR 2015;
- Justification/ need for the omnibus approval.
- Such other conditions as it may consider necessary in line with this Policy and in the interest of the Company.

6.2.3 The omnibus approval under this Policy shall be subject to the following criteria-

- 1) Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
- 2) the maximum value per transaction which can be allowed;
- 3) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
- 4) Quarterly review by the Committee of all RPT's entered into by the Company pursuant to omnibus approval.
- 5) The transaction/s which shall not be allowed under omnibus approval.

6.2.4 All omnibus approvals shall contain the following information related to the transaction-

- 1) Name of the related parties;
- 2) Nature and duration of the transaction;
- 3) Maximum amount of transaction that can be entered into;
- 4) The indicative base price or current contracted price and the formula for variation in the price, if any.

6.2.5 However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction. The transaction under this category will also be reported to the Audit Committee.

6.3 Conduct of Audit Committee Proceedings

The conduct of the Committee Proceedings shall adhere to the Committee Charter as in force as on date.

7 Board - RPT Approval Procedure

7.1 RPT transactions and their pre-approval

7.1.1 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 to be placed before the Board for its approval.

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

7.1.2.1 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;

7.1.2.2 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;

7.1.2.3 Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval;

7.1.3 Where any contract or arrangement is entered by a director or any employee of the Company under Section 188(3) of the Act without obtaining the approval of the Board as required under Section 188(1) of the Act, post facto approval shall be sought within three months from the date of which such contract or arrangement was entered into. However, the same is voidable at the option of the Board. And if the transaction is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

7.1.4 Transactions meeting the materiality thresholds laid down in Clause 4 of the Policy, which are intended to be placed before the shareholders for approval

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7.2 Key Consideration

The Board shall take into consideration the below mentioned key factors while approving any related party transaction -

- i. nature of the transaction,
- ii. material terms,
- iii. the manner of determining the pricing and
- iv. the business rationale for entering into such transaction.

On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances.

7.3 Conduct of Board Proceedings

- 7.3.1 All approvals under this policy shall only be through resolutions passed by the Board at its meetings.
- 7.3.2 The Conduct of Board Meeting proceedings shall be in adherence to the requirements of Rule 15 of the Companies (Meeting of Board and its Power) Rules 2014 read with SS-1 related to Board Meetings, to the extent applicable.
- 7.3.3 Interest Director, if any, shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

8 Shareholder - RPT Approval Procedure

8.1 RPT transactions and their pre-approval

- 8.1.1 All material RPTs defined under Regulation 23 of LODR 2015, whether in ordinary course of business and/or arm's length basis or not.
- 8.1.2 RPTs exceeding the limits prescribed under the Act and not in ordinary course of business and/or arm's length basis [Sec.188(1) R/w. Rule 15(3) of the Rules.]
- 8.1.3 Provided that the requirements specified above 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.

8.2 Conduct of Shareholder Meetings

- 8.2.1 Prior approval of the shareholders by ordinary resolution shall be required.
- 8.2.2 The meeting proceedings shall be as specified under the Act and in adherence with the requirements of Secretarial Standards (SS-2) related to conduct of general meetings to the extent applicable.
- 8.2.3 All entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

9 General Guidelines to Audit Committee & Board

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

- 9.1 Nature of the transaction i.e. details of goods or property to be acquired/ transferred or services to be rendered / availed (including transfer of resources) – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
- 9.2 Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction;
- 9.3 Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
- 9.4 Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
 - Market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
 - Third party comparable, valuation reports, price publications including stock exchange and commodity market quotations;
 - Management assessment of pricing terms and business justification for the proposed transaction;
 - Comparative analysis, if any, of other such transaction entered into by the company.

10 Post Facto Ratification by Board/Shareholders

- 10.1 If any contract or arrangement mentioned u/s 188 is entered into by a director or any other employee, without obtaining the consent of the Board or approval of shareholders and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within 3 months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.
- 10.2 It shall be open to 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 this section for recovery of any loss sustained by it as a result of such contract or arrangement.

11 Key Disclosures

Appropriate disclosures as required under the Act and the LODR 2015 shall be made in the Annual Return, Directors Report and to the Stock Exchanges, the key being as under-

- 11.1 The Company shall disclose, in the Board's report, Under Section 134(3)(h) of the Act, transactions which have been approved by the Board of the shareholders under this Policy along with the justification for entering into such contract or arrangement.
- 11.2 The detail of all material transactions with related parties shall be disclosed quarterly along with the Company's Compliance Report on corporate governance, in accordance with Regulation 27(2) of the LODR Regulations.
- 11.3 The Company shall disclose this Policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.
- 11.4 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 display the same on its website as well.

12 Review/Amendment

- 12.1 Related Party Transaction policy on materiality and its threshold limits shall be reviewed by the Board of Directors of the Company on the recommendation of the Audit Committee of the Company once in every three years and may amend the same from time to time.
- 12.2 However, no such amendment or modification shall be inconsistent with the applicable provisions of the Companies Act, LODR Regulations, Accounting Standards or any law for the time being in force.
- 12.3 Any subsequent amendment / modification in the LODR Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.
- 12.4 The Audit Committee/ Board shall give suitable directions/ guidelines to implement the same.

13 Scope and Limitation

- 13.1 This Policy Document is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of Listing Regulations with the Stock Exchanges.
- 13.2 In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.
- 13.3 The right to interpret this Policy rests with the Audit Committee or the Board.

14 Version Control

Sl. No	Version	Recommended (by AC)	Approved (By Board)	Effective From (Date)
1	Previous Version: MRPT/V01/1516		13-Jan-2016	13-Jan-2016
2	Amended Version: RPT/V02/2021	10-11-2020	11-11-2020	11-11-2020