

# ***ANAND PROJECTS LIMITED***

*(Formerly Known as The Anand Electric Supply Company Limited)*

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## ***RELATED PARTY TRANSACTIONS POLICY***

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**POLICY & STANDARD OPERATING PROCESS**

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# Index

S. No	Particulars	Page No.
1.	Objective.....	3
2.	Applicability and Effective Date .....	Error! Bookmark not defined.
3.	Scope and Purpose.....	3-4
4.	Definitions.....	4-5
5.	Related Party Transactions that shall not require approval .....	5-6
6.	Material Related Party Transactions .....	6
7.	Procedure .....	7-8
8.	Disclosures .....	8
9.	Interpretation.....	8-9
10.	Amendments to Policy.....	Error! Bookmark not defined.

## **RELATED PARTY TRANSACTIONS POLICY**

### **OBJECTIVE**

This Policy is intended to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties. This policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions.

The Companies Act, 2013 (Act) read with the Companies (Meetings of Board and its Powers) Rules, 2014 (Rules) introduced specific provisions relating to related party transactions and defined the term related parties, (material) related party transactions, relatives and key management personnel. The Act and the Rules have also laid down the financial limits and the approval process for such transactions.

Accordingly, the Board of Directors (the “Board”) of Anand Projects Limited (the “Company” or “APL”), has adopted a policy and standard operating procedures to regulate transactions between the Company and Related Parties.

### **APPLICABILITY AND EFFECTIVE DATE**

This policy applies to all kinds of contracts, arrangements or transactions by the Company with Parties in which Director or senior management personnel are interested directly or indirectly through relatives, bodies corporate or trusts. It provides a framework for governance and reporting of Related Party Transactions including material transactions. Transactions covered by this policy include any contract or arrangement with a related party with respect to transactions defined hereunder as “Related Party Transaction”.

Provided that any transactions entered into by the Company with a Related Party in its ordinary course of business and on an arm’s length basis shall not require any approval of the Audit Committee/ Board of Directors of the Company except in the case of Specific Transactions, which shall be subject to prior approval of the Audit Committee. Provided further that, any transaction entered into by the Company with Related Party in its ordinary course of business and on an arm’s length basis, except Specific Transactions for which proper procedure shall be followed as provided under this Policy, shall be periodically disclosed to the Board.

This policy will be applicable to the Company effective from September 29, 2014.

### **SCOPE AND PURPOSE**

The Purpose of this Policy and Procedure document is to ensure protection of corporate interest, adequate disclosure and proper procedure to be followed for the material transactions or arrangement or contract to be entered into or performed by and between the

Company or its subsidiaries or associates and Related Parties (as defined below) in accordance with the principle enshrined in the Companies Act, 2013 and Listing Agreement.

Anand Projects Limited (hereinafter referred to as “APL”) recognizes that there are situations in which Related Party Transactions might be in, or at least not inconsistent with, the best interests of APL and its shareholders. Such situations could include, without limitation, situations in which APL could obtain products or services of a nature, quality or quantity, or on other terms, that are not readily available from alternative sources or in which APL could provide products or services to Related Parties (as defined below) on an arm’s length basis on terms comparable to those provided to unrelated third persons.

## **DEFINITION**

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

“**Policy**” means Related Party Transaction Policy.

“**Related Party Transaction**” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Company (including any of its subsidiaries) was, is or will be a participant and in which any Related Party (as defined below) had, has or will have a direct or indirect interest.

“**Material Related Party Transaction**” means a transaction with a related party shall be considered material if the transaction / transactions 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.

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“**Key Managerial Personnel**” means key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole- time director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer

“**Related Party**” means related party as defined in Clause 49(VII) of the Listing Agreement which is as follows:

- A. Such entity is a related party under Section 2(76) of the Companies Act, 2013; which are as follows:
- (i) a director or his relative;
  - (ii) a key managerial personnel or his relative;
  - (iv) a firm, in which a director, manager or his relative is a partner;
  - (iv) a private company in which a director or manager 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 whose 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 under 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;
  - (ix) Director or key managerial personnel of the holding company or his relative with reference to a company; Or
- B. Such entity is a related party under the applicable accounting standards."

**Explanation:** For the purpose of Clause 49(V) and Clause VII(B), the term "control" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

## **RELATED PARTY TRANSACTIONS THAT SHALL NOT REQUIRE APPROVAL**

Following transactions shall not require separate approval under this policy:

- Any transaction pertaining to appointment and remuneration of Directors and KMPs that has already been approved by the Nomination and Remuneration Committee of the Company or the Board;
- Transactions that have been approved by the Board under the specific provisions of the Companies Act, e.g. inter-corporate deposits, borrowings, investments with or in wholly owned subsidiaries or other Related Parties;
- Payment of Dividend;
- Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off, approved by the Board and carried out in accordance with the specific provisions of the Companies Act, 2013 or the Equity Listing Agreement;

- Contribution to Corporate Social Responsibility (CSR), subject to approval of CSR Committee and within the overall limits approved by the Board of Directors of the Company.

### **MATERIAL RELATED PARTY TRANSACTION**

All Material Related Party Transactions shall be placed for approval/ratification of shareholders through Special Resolution. Materiality of a related party transaction shall be construed on the basis the thresholds/ trigger limits prescribed under Clause 49(VII)(C) of the Listing agreement and Section 188 of Companies Act, 2013 and its allied rules as amended from time to time. On the basis of the same following table has been prepared to judge the materiality of a related party transaction:

<b>Category of Transactions</b>	<b>Material Related-Party Transactions - Companies Act 2013</b>	<b>Material Related-Party Transactions – As per Equity Listing Agreement</b>
Sale, purchase or supply of any goods or materials, directly or through appointment of agent	10% of turnover or Rs. 100 crore, whichever is lower	10% of annual consolidated turnover of the company
Selling or otherwise disposing of or buying property of any kind, directly or through appointment of Agent	10% of turnover or Rs. 100 crore, whichever is lower	
Leasing of property of any kind;	10% of net worth or 10% of turnover or Rs. 100 crore, whichever is lower	
Availing or rendering of any services, directly or through appointment of agent	10% of turnover or Rs 50 crore, whichever is lower	
Such Related Party's appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding Rs 2.5 lakh	
Underwriting the subscription of any securities or derivatives thereof, of the company	1% of net worth	
Any transaction involving transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged.	Not applicable	

Note: Turnover or Net worth mentioned above shall be calculated on the basis of last audited Annual Financial statements of the Company.

## PROCEDURES

1. All Related Party Transactions shall require prior approval of the Audit Committee.
2. All material Related Party Transactions shall require approval/rectification of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions.
3. The Audit Committee of the Board of Director of the Company (the “Committee”) will review the relevant facts and circumstances of each Related Party Transaction, including if the transaction is on terms comparable to those that could be obtained in arm’s length dealings with an unrelated third party and the extent of the Related Party’s interest in the transaction, take into account the conflicts of interest and corporate opportunity provisions of the Company’s Code of Business Conduct and Ethics (the “Code”), and either approve or disapprove the Related Party Transaction.
  - A. Any Related Party Transaction will be consummated and will continue only if the Committee has approved or ratified such transaction in accordance with the guidelines set forth in this Policy. If advance Committee approval of a Related Party Transaction requiring the Committee’s approval is not practicable, then the transaction may be preliminarily entered into by management subject to ratification of the transaction by the Committee at the Committee’s next regularly scheduled meeting; provided that if ratification will not be forthcoming, management will make all reasonable efforts to cancel or annul such transaction.
  - B. Management will present to the Committee each proposed Related Party Transaction, including all relevant facts and circumstances and will update the Committee as to any material changes to any approved or ratified Related Party Transaction and will provide a status report at least annually at a regularly scheduled meeting of the Committee of all then current Related Party Transactions.
  - C. The Committee can assess the materiality of a Related Party’s interest in the transaction, rather than management or employees in their determination of whether a transaction falls under the policy.
  - D. The Audit Committee shall consider all of the relevant facts and circumstances available to it, including the benefits to APL and whether the Related Party Transaction is on terms and conditions comparable to those available in arms-length dealing with an unrelated third party that can provide comparable products or services. No member of the Audit Committee may participate in any review, consideration or approval of any Related Party Transaction with respect to which such member or any of his or her immediate family members, or an entity in which he or she is a partner, shareholder or executive officer, is the Related Person.

- E. The Audit Committee shall approve only those Related Party Transactions that are in, or are not inconsistent with, the best interests of APL and its stockholders, as the Audit Committee determines in good faith. The Audit Committee shall convey its decision to the Compliance Officer, who shall then convey the decision to the appropriate persons within APL.
- F. The Board of Directors, upon the approval of the Audit Committee, take note of the Related Party Transactions and all the Directors present at such meeting shall sign the Register of Contract in pursuance of requirement under Section 189 of the Companies Act, 2013.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- i. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

## **DISCLOSURE**

1. Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.
2. The Company strongly prefers to receive such notice of any Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.
3. All Related Party Transactions are to be disclosed in the Board's Report or in the Financial Statement as may be required by the Companies Act of 2013 and the SEBI Regulations and related rules. Furthermore, any material Related Party Transaction will be disclosed to the full Board of Directors.

## **INTERPRETATION**

This Policy is intended to comply with the Companies Act, 2013 and the SEBI Regulations. Notwithstanding anything herein to the contrary, this Policy will be interpreted only in such a manner as to comply with Companies Act, 2013 and the SEBI Regulations. In the event that a



Related Party Transaction would constitute a conflict of interest or a corporate opportunity under the Policy, the provisions of the Companies Act, 2013 and the SEBI Regulations will apply to such Related Party Transaction. Any such Related Party Transaction may not be approved hereunder unless it is also approved in accordance with the provisions of the Policy and disclosed to the public to the extent required by law.

## **AMENDMENTS TO THE POLICY**

The Audit Committee of the Company shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company. Any or all provisions of this policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the concerned provisions of this policy and the said provision shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

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