

APM INDUSTRIES LIMITED

RELATED PARTY TRANSACTIONS POLICY

1. PREAMBLE

The Company is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that related party transactions can present a risk of actual or apparent conflicts of interest of the Directors, Senior Management etc., with the interest of the Company.

Further, the Companies Act, 2013 (Act) read with the Companies (Meetings of Board and its Powers) Rules, 2014 (Rules) has 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.

Pursuant to the Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the listed companies need to formulate a policy on materiality of related party transactions and on dealing with related party transactions.

Accordingly, the Board of Directors (Board) of APM Industries Limited (Company) has adopted a policy and a standard operating procedure to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Act, the Rules and the Listing Agreement.

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. Further, the Board may amend this policy from time to time as may be required.

The Audit Committee of Directors ("Audit Committee"), shall review, approve and ratify Related Party Transactions based on this Policy in terms of the requirements under the above provisions.

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 there under and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and must be approved in the manner as may be decided by the Board of Directors.

3. DEFINITIONS

"Audit Committee or Committee" means the Committee of the Board constituted from time to time under the provisions of Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

"Board" means the Board of Directors as defined under the Companies Act, 2013.

"Key Managerial Personnel" means Key Managerial Personnel as defined under the Companies Act, 2013.

"Material Related Party Transaction"

- a. **Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

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 a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

- b. **Under the Act**

S.	Transaction	or	contract	or	Limits for the time being in force *
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APM INDUSTRIES LIMITED

RELATED PARTY TRANSACTIONS POLICY

No.	arrangements for	[as per Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014]
1	Sale, purchases or supply of any goods or materials, services or property, directly or through appointment of agent	<p>Lower of amount</p> <p>i) exceeding 10% of the Annual Turnover of the company ; or</p> <p>ii) Rs.100 Crore</p> <p>For the transaction or transactions to be entered in to either individually or taken together with the previous transactions during a financial year</p>
2	Selling or otherwise disposing of, or buying services or property of any kind, directly or through appointment of agent	<p>Lower of amount</p> <p>i) exceeding 10% of the Net Worth of the company; or</p> <p>ii) Rs.100 Crore</p> <p>For the transaction or transactions to be entered in to either individually or taken together with the previous transactions during a financial year</p>
3	Leasing of property of any kind	<p>Lower of amount</p> <p>i) exceeding 10% of the Net Worth of the company ; or</p> <p>ii) 10% of the Annual Turnover of the company; or</p> <p>iii) Rs.100 Crore</p> <p>For the transaction or transactions to be entered in to either individually or taken together with the previous transactions during a Financial Year</p>
4	Availing or rendering of any services, directly or through appointment of agent	<p>Lower of amount</p> <p>i) exceeding 10% of Annual Turnover of the Company; or</p> <p>ii) Rs.50 Crore</p> <p>For the transaction or transactions to be entered in to either individually or taken together with the previous transactions during a Financial Year</p>
5	For appointment to any office or place of profit in the Company, its Subsidiary or Associate Company	Where monthly remuneration exceeds Rs.2,50,000/-
6	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company	For amount exceeding 1% of Net Worth of the Company
	<p>* shall be considered as amended from time to time in line with the amendment in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 by the Central Government.</p> <p>Annual Turnover and Net Worth referred above is computed as per audited Financial Statement for the preceding financial year.</p>	

“Related Party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

APM INDUSTRIES LIMITED

RELATED PARTY TRANSACTIONS POLICY

“Related Party Transaction” means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged and includes –

- 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 the 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;
- g Underwriting the subscription of any securities or derivatives thereof, of the Company;

“Relative” means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner –

- a. Members of a Hindu undivided family;
- b. Husband or 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); or
- j. Sister (including step-sister).

“Transaction” with a related party shall be construed to include a single transaction or a group of transactions.

The terms **Director, KMP, Chief Financial Officer, Company Secretary**, shall have the same meaning as assigned under the Companies Act, 2013.

“Net Worth - Section 2(57)” The aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

“Ordinary Course of Business” Ordinary course of business shall include the usual transactions, customs and practices of the company, or transactions permitted by the Object Clause in the Memorandum of Association of the Company, or transactions that are considered while computing the business income / revenue / turnover of the Company as opposed to “income from other sources”.

4. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

4.1. Identification of related parties

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI Listing Regulations.

4.2. Identification of related party transactions

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the SEBI Listing Requirements. The Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company may seek external professional opinion, if necessary.

4.3. Procedure for approval of related party transactions

- (1) All related party transactions shall require prior approval of the audit committee.
- (2) Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity subject to the following conditions, namely-

APM INDUSTRIES LIMITED

RELATED PARTY TRANSACTIONS POLICY

- (a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;
 - (b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;
 - (c) the omnibus approval shall specify:
 - (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
 - (ii) the indicative base price / current contracted price and the formula for variation in the price if any; and
 - (iii) such other conditions as the audit committee may deem fit: Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees Rs.15.00 Lacs per transaction which may be amended by the Committee from time to time.
 - (d) the audit committee shall review, atleast on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.
 - (e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year:
- (3) All material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.
- (4) The provisions of sub-regulations (1), (2) and (3) shall not be applicable in the following cases:
(4.1.) transactions entered into between two government companies;
(4.2) 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. Explanation.-For the purpose of clause (a), "Government Company (ies) means Government company as defined in sub-section (45) of section 2 of the Companies Act, 2013.
- (5) The provisions of this regulation shall be applicable to all prospective transactions.
- (6) For the purpose of this regulation, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.
- (7) All existing material related party contracts or arrangements entered into prior to the date of notification of these regulations and which may continue beyond such date shall be placed for approval of the shareholders in the first General Meeting subsequent to notification of these regulations.

5. DETAILS REQUIRED FOR ASCERTAINING RELATED PARTY

The following details shall be required:

- 1 Declaration/Disclosure of interest by all the Directors and KMPs' in form MBP-1.
- 2 Declaration of relatives by all Directors and KMPs'.
- 3 Declaration about a firm in which a Director/ Manager or his relative is a partner.
- 4 Declaration about a private Company in which a Director or Manager is a member or director.
- 5 Declaration regarding a public company in which a Director or manager is a Director and holds along with the relatives more than 2% of the paid up share capital.
- 6 Notices from Directors of any change in particulars of Directorship or in other positions during the year.
- 7 Declaration by Holding Company regarding its Directors/KMPs' and their relatives.

APM INDUSTRIES LIMITED

RELATED PARTY TRANSACTIONS POLICY

- 8 Details of anybody 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 of the Company.
- 9 Details of any person on whose advice, directions or instructions a director or manager is accustomed to act:
- 10 Provided that nothing in point no.8 & 9 shall apply to the advice, directions or instructions given in a professional capacity.
- 11 Details of 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.

6. POLICY

A. Audit Committee approval

All Related Party Transactions and any subsequent modifications thereto, shall require the prior approval of the Audit Committee.

B. Board of Directors approval

Any Director, who is interested in any Related Party Transaction, shall recuse him-self or her- self from discussion and voting on the approval of the Related Party Transaction.

All Related Party Transactions that are not in the ordinary course of business, or in the ordinary course of business but not at arms' length or neither in the ordinary course of business nor at arms' length shall require the prior approval of the Board of Directors at a Meeting of the Board.

C. Shareholders' approval

All Material Related Party Transactions shall require prior Shareholders' approval through a resolution ("special resolution" has been substituted with "resolution" by the Companies (Amendment) Act, 2014) passed at a General Meeting. All Related Parties shall abstain from voting on such Resolution.

7. DISCLOSURE OF RELATED PARTY TRANSACTION

1. All contracts or arrangements which require Board approval shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
2. The Explanatory Statement annexed to the Notice convening General Meeting for seeking the Shareholders' approval for the Related Party Transaction should contain the following details:
 - 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 contract or arrangement;
 - Other relevant or important information which helps Shareholders take a decision
3. 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.
4. The Policy on dealing with Related eParty Transactions shall be uploaded on the Company's website
5. The Company shall publish the Policy in its Annual Report.
6. This Policy will be communicated to all operational employees and other concerned persons of the Company.