

APL METALS LIMITED (W.E.F. 25th October,2016)
(FORMERLY ASSOCIATED PIGMENTS LIMITED)

RELATED PARTY TRANSACTION POLICY

1. Scope and Objective of the Policy

A company is required to obtain approval of Board at the meeting /Shareholders for specified transactions with related parties covered in chapter-XII under Section-188 and other applicable provisions of the Companies Act, 2013 (“Act”) read with the Rules framed there under . Moreover, **Clause 49 (VII) (C)** of the amended Listing Agreement notified vide SEBI Circulars dated September 15, 2014 has mandated specified listed companies to formulate policy on materiality of related party transactions and on dealing with such related party transactions.

The company has accordingly formulated a policy on materiality of related party transactions and on dealing with such related party transactions (“the Policy”) which the Audit Committee of the company has recommended and the Board of Directors of **APL Metals Limited (Formerly Associated Pigments Limited) (“APL” or “the Company”)** has adopted at their meeting. The Audit Committee would review and amend the Policy subject to the approval of the Board, if required.

The objective of this Policy is to eliminate any potential or actual clash of interest of transacting parties involved in any related party transaction entered by the company and ensure appropriate legal compliance.

2. Definitions

“Arm’s length transaction (‘ALP’)” means a transaction between two or more related parties conducted as if they were unrelated, so that there is no conflict of interest. Arms Length basis shall be determined based on criteria of prevailing market price under similar circumstances for same or similar goods or services, Price charged by company to unrelated party , Price/terms of contract which related party is offered by other supplier and such other relevant factor as may be determined by Audit Committee/Board.

“Ordinary Course of Business” means all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing of guarantees or collaterals, in the normal and usual routine practice in business and is not a standalone transaction. The Company should take into account the frequency of the activity and standard industry practice for determination of transaction in the ordinary course of business.

“Related Party” shall have the same meaning as defined in Section 2(76) of the Companies Act, 2013 and Clause 49 of the Listing Agreement

“Related Party Transaction” (RPT) means any transaction involving a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged For the purpose of the Act, RPT means specified transaction mentioned in clause (a) to (g) of Section 188(1) of the Act and shall be construed to include single transaction or a group of transactions in a contract as specified in amended **Clause-49(VII)(A)**

“The Board” means Board of Directors and the **“Audit Committee”** means Audit Committee constituted by the Board of Directors of the company. **Key Managerial Personnel (KMP)** includes Chief Executive Officer, Chief Financial Officer and Company Secretary.

“Relative” includes one who is related to another as members of HUF or as husband and wife or father or mother or son or son’s wife or daughter or daughter’s husband or brother or sister (step father, step mother, step brother, step sisters, and step son included).

All other terms shall have meaning as per the Act/Clause-49 of the Listing Agreement.

3. Identification of Potential Related Party Transactions

- (a) Each director/Key Managerial Personnel is responsible for providing written notice to the Compliance Officer of any potential Related Party Transaction involving him or her or his or her relatives, including any additional information about the transaction that the Compliance Officer may reasonably request. The Compliance Officer in consultation with other members of management and with the Audit Committee, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.
- (b) All specified nature of RPT specified in clause-(a) to (g) under Section-188 (1) of the Act which are not in Ordinary course of business and not in Arm’s Length are placed before the Board for approval through recommendation of Audit Committee.
In addition the following transactions are also placed before Board for Approval even though the same are in Ordinary Course of business and at Arm’s Length basis:-
- (i) As per Policy determined by the Board based on specified criteria like value threshold or other parameter the transaction needed Board approval
 - (ii) If Audit Committee is unable to determine whether or not the transaction is in Ordinary Course of business and at Arm’s Length basis
 - (iii) If in opinion of Audit Committee , it required Board Approval
 - (iv) Transactions falling under *Materiality Thresholds as per (4) below*
- (c) Every director/ Key Managerial Personnel of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting.
- (d) Where any director/ Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of Board held after he becomes so concerned or interested.

- (e) A contract or arrangement entered into by the company without disclosure or with participation by a Director / Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.
- (f) The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Compliance Officer has adequate time to obtain and review information about the proposed transaction and other matter incidental thereto and to refer it to the appropriate approval authority. Ratification of a Related Party Transaction after its commencement or even its completion may be appropriate in some circumstances.

4. Materiality Thresholds as per Clause-49(VII)(C)

The Company has fixed its materiality threshold at 10% (ten percent) of the annual consolidated turnover of the Company as per last audited financial statements of the company. This limit shall stand modified as may be amended by Listing Regulations. **RPT Contracts above materially thresholds will require Shareholders approval.**

5. Procedure for Approval and Review

- a. All Related Party Transactions or changes therein must be reported by the Chief Financial Officer, Head of Accounts Department, and to the Compliance Officer and referred for prior approval by the Audit Committee in accordance with this Policy. The agenda for approval of RPT shall disclose all material and relevant information prescribed in Rule-15 of the Companies (Meetings of Board and its Powers) Rules, 2014
- b. The Audit Committee will undertake an evaluation of the Related Party Transaction. If that evaluation indicates that the Related Party Transaction would require the approval of the Board, or if the Board in any case elects to review any such matter, the Audit Committee will report the Related Party Transactions, together with a summary of material facts, to the Board for its approval.
- c. If the Board is of the view that the Related Party Transaction needs to be approved at a general meeting of the shareholders by way of a special resolution pursuant to the Companies Act, 2013 and any other applicable law, the same shall be put up for approval by the shareholders of the Company.
- d. If prior approval of the Audit Committee / Board / general meeting for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee and the Board / general meeting at the forthcoming meeting or a meeting within such time limit as may be prescribed ; of Audit Committee/Board/general meeting subject to such modification as may be prescribed

- e. In determining whether to approve or ratify a Related Party Transaction, the Audit Committee/ Board will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Person's interest in the transaction.
- f. No director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the director / Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee/ Board.
- g. If a contract or Arrangement has already been approved or for which omnibus approval has already been given, specific transactions entered may be reported to Audit Committee /Board in their quarterly Meetings on a regular basis for noting and taking it on record.
- h. Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

Omnibus approval by Audit Committee/Board

- i. The Audit Committee has formulated guidelines for granting the omnibus approval in respect of repetitive nature of Related Party transactions. One-time transactions will not qualify for omnibus approval. Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- j. The omnibus approval shall specify
 - (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
 - (ii) the indicative case 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 twenty crore per transaction.
- k. Thereafter, the Audit Committee, shall review at least on a quarterly basis, the details of RTPs entered into by the Company pursuant to each of the omnibus approval given.
- l. The omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

6. Criteria for Review of RPT

The following guidelines are provided for providing a basis for review of RPT by the Audit Committee / Board.

(a) The Related Party's interest (b) Materiality and amount involved (c) extent of Monetary gain/loss (d) Ordinary or non-recurring nature (e) Price at arms' length basis (f) necessity or compelling business reason (g) alternative availability (h) reputational risk (e) impact on independence of Independent directors (f) why pre-approval was not sought (g) Possibility of arising of an improper conflict of present or potential interest (h) regulatory and legal non-compliance (i) requirement of public disclosure and (i) any other factor or criteria as may be felt necessary

The Audit Committee/Board will review all relevant information available to it about the Related Party Transaction. The Audit Committee/Board, as applicable, may approve/ ratify/ recommend to the shareholders, the Related Party Transaction only if the Audit Committee/Board, as applicable, determines in good faith that, under all of the circumstances, the transaction is fair as to the Company. The Audit Committee/ Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction.

7. Disclosures

The Company shall disclose in the Company's Board's Report to shareholders all transactions prescribed under section-188(1) of the Act which are not in the ordinary course of business or Arms Length basis along with justification for the same.

In addition, it shall also disclose details of all RTP transactions above the materiality threshold on a quarterly basis to Stock Exchanges along with Company's Compliance Report on Corporate Governance, in accordance with the Listing Agreement. The Company shall also disclose about this Policy on its website and Annual Report of the company.

The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party.

This Policy will be communicated to all operational employees and other concerned persons of the Company.