

ALPHALOGIC TECHSYS LIMITED

Policy for Related Party Transactions

INTRODUCTION

This policy is framed with the objective of ensuring compliance with the provisions pertaining to Related Party Transactions (RPT) in the Companies Act 2013 and Listing Regulations. No Related-Party Transaction may be entered into by the Company, or any of its subsidiaries or associates, except in accordance with the provisions of this Policy.

DEFINITION

Related Party - A person or entity that is related to the Company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial or operating decisions and includes the following:

- A director of the Company (hereinafter referred to as director) or his relative;
- A Key Managerial Personnel of the Company (hereinafter referred to as KMP) or his/her relative;
- A firm, in which a director, manager or his relative is a partner;
- A private company in which a director or manager is a member or director;
- A public company in which a director or manager is a director and holds, along with his relatives, more than 2% of its paid-up share capital;
- Any bodies-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;
- Any person on whose advice, directions or instructions a director or manager is accustomed to act;
- Any company which is;
 - A holding, subsidiary or an associate company of such company;
 - A subsidiary of a holding company to which it is also a subsidiary or
 - an investing company or the venturer of the company;
- A director or key managerial person of the holding company or his relative; and
- Any entity is a related party under applicable accounting standards.

Relative - A person shall be deemed to be the relative of another if he or she is related to another in any one of the following manners:

Member of the Hindu Undivided Family

- 1) Spouse
- 2) Father
- 3) Mother
- 4) Son
- 5) Son's wife
- 6) Daughter
- 7) Daughter's husband
- 8) Brother
- 9) Sister

Key Managerial Personnel (KMP) in relation to a company, means

- 1) the Managing Director or the Chief Executive Officer or the manager and in their absence, a Whole- time Director;
- 2) the Company Secretary; and
- 3) the Chief Financial Officer

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-For the purposes of this clause, “significant influence” means control of at least twenty per cent of total share capital, or of business decisions under an agreement.

Office or Place of Profit’ means any office or place –

Where such office or place is held by a director, If the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, any rent-free accommodation or otherwise;

Where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation or otherwise.

Related-Party Transaction - Any transaction involving transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged.

Material Related-Party Transaction - Any transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year above the threshold specified in the section under Material Related-Party Transactions.

RULES FOR DETERMINING MATERIALITY OF RELATED PARTY TRANSACTIONS

Pursuant to Section 188 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, except with the prior approval of the Company by a Resolution, the Company shall not enter into a transaction or transactions, if the Related Party Transactions are not in Ordinary Course of Business or not at an Arm’s Length and exceeds the prescribed criteria as given below.

Category of Transactions	Material Related-Party Transactions - Companies Act, 2013	Material Related-Party Transactions - SEBI
Sale, purchase or supply of any goods or materials.	10% or more of turnover of the Company.	10% of annual consolidated turnover of the company as per last audited financial statement.
Selling or otherwise disposing of, or Buying property of any kind;	10% or more of net worth of the Company.	
Leasing of property of any kind;	10% or more of Turnover of the Company.	
Availing or rendering of any services;	10% or more of turnover of the Company.	
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 rupees.	
Underwriting the subscription of any securities or derivatives thereof, of the company	Exceeding 1% of net worth of the Company.	
*The turnover or net worth referred in the above table shall be computed on the basis of the audited financial statement of the preceding financial year.		

PROCEDURE FOR APPROVAL FOR RELATED PARTY TRANSACTIONS

1. Identification of Related Party Transactions

1. Directors and KMP of the Company shall disclose to the Company Secretary in form MBP-1, at the time of appointment, beginning of every financial year and whenever there is change in the disclosure so made.
2. The Chief Financial Officer at the beginning of every financial year shall provide the information to the Company Secretary about the related parties within Alphalogic Techsys Limited and subsequent changes therein forthwith, and proposed transaction with the related parties certifying that such transactions are at Arm's Length and in ordinary course of business.
3. The proposed transactions shall be placed before the Audit Committee for its prior approval.

2. Omnibus Approval of Audit Committee

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-

1. 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;

2. 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;

The omnibus approval shall specify:

- a. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
- b. the indicative base price / current contracted price and the formula for variation in the price if any; and
- c. 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 one crore per transaction.

1. the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.
2. 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. Approval of Board of Directors

1. The Related Party Transactions which are not in the ordinary course of business or are in the ordinary course of business but are not on Arm's Length transactions shall require prior approval of the Board.
2. Where any Director is interested in any Related Party Transactions, such Director will abstain from discussion and voting on the subject matter of the resolution relating to such transaction.
3. All the Material Related Party Transactions shall be considered and approved by the Board of Directors before placing them before the Shareholders for their approval except for those transactions that do not require approval under Section 177 and 188 of the Companies Act 2013.

4. Approval of Shareholders

1. All the Related Party Transactions which exceeds the limit as prescribed under Section 188 of the Act read with Rule 15 of Companies (Meetings of Board and its Powers) Rules shall be placed for shareholders' approval by way of resolution.
2. Any shareholder which is a Related Party in the context of the proposed Related Party Transaction shall abstain from voting on such resolution in terms of the provisions of the Act.

RATIFICATION

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under sub-section (1) and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three 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 and if the contract or arrangement is with a related party to any director or is authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

DISCLOSURE

The particulars of contracts or arrangement with related parties referred in section 188(1) of the Companies Act 2013 should be disclosed in the Directors Report in the prescribed format. The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.

AMENDMENT TO THE POLICY

The Audit Committee shall review on an annual or periodic basis this Policy and advise changes if any required from time to time in line with the latest law and considering the nature of related party transactions to be entered into by the Company. Any change to this Policy requires approval of the Board of Directors.
