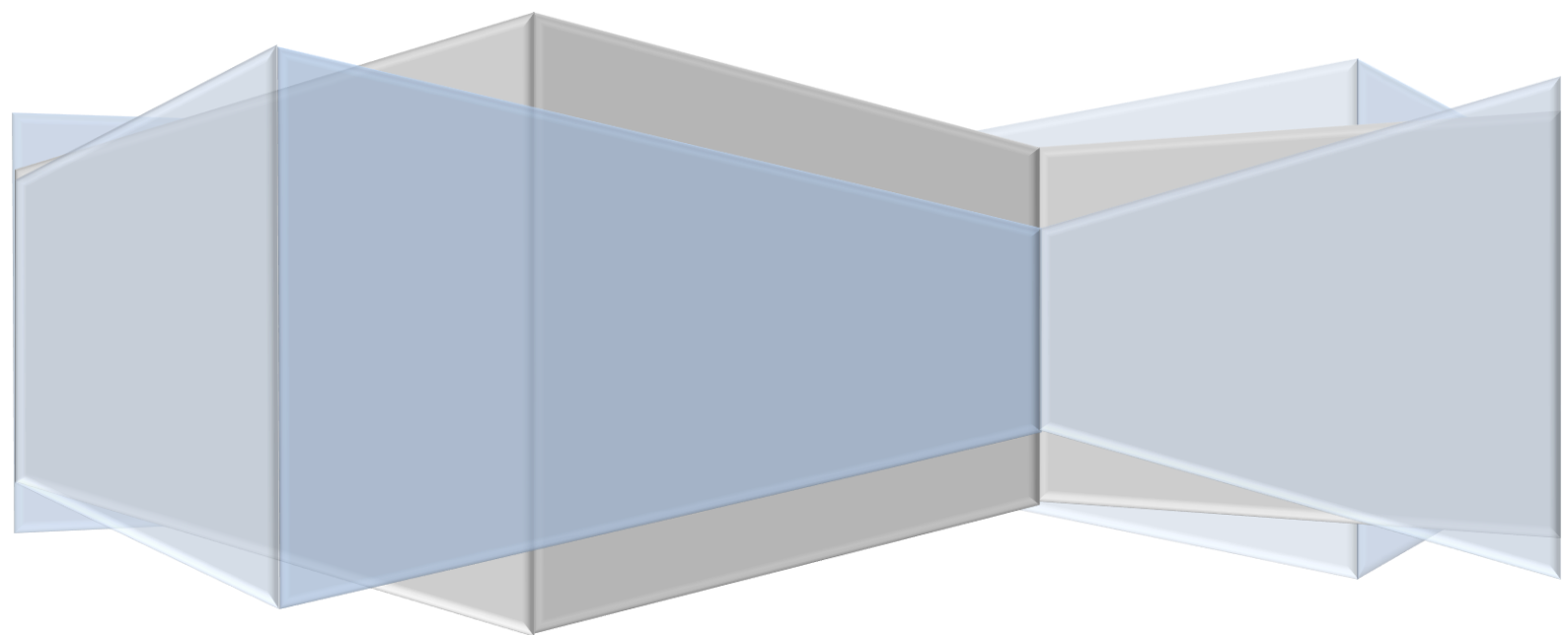




## **POLICY ON RELATED PARTY TRANSACTIONS**

*(Reviewed by the Board at its meeting held on 04<sup>th</sup> February 2022)*



## **I. 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.

## **II. BACKGROUND**

The board of directors of Alphageo (India) Limited ("**Company**") in pursuance of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") and other applicable provisions (including any statutory enactments / amendments thereof), reviewed and modified the policy on materiality of related party transactions and on dealing with related party transactions (the "**Policy**") on February 4, 2022.

## **III. APPLICABILITY**

The Policy shall apply to all Related Party Transactions undertaken by the Company with the Related Party in accordance with the clauses contained herein.

## **IV. OBJECTIVE**

The changes introduced in the corporate governance norms under Section 188 of the Companies Act, 2013 ("**Companies Act**"), as amended and the rules framed thereunder and Regulation 23 of the SEBI Listing Regulations require companies to have enhanced transparency and due process for approval of the related party transactions.

Accordingly, the Company has framed this Policy with the intent to ensure the proper approval and reporting of related party transactions. 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. 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

## **V. DEFINITIONS**

- (a) "**Arm's length transaction**" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- (b) "**Audit Committee**" means Audit Committee constituted by the Board, from time to time, under Section 177 of the Companies Act and the SEBI Listing Regulations.
- (c) "**Board of Directors**" or "**Board**" means the board of directors of the Company, as constituted from time to time.
- (d) "**Company**" means Alphageo (India) Limited.

- (e) **“Key Managerial Personnel”** means the Managing Director, the Whole-time Director, the Company Secretary, the Chief Financial Officer and such other officers/employees of the Company as defined in section 2(51) of the Companies Act.
- (f) **“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
- (g) **“Related Party”**, means:

**A. Related party”, with reference to a company, means—**

- i. A director or his relative;
- ii. A key managerial personnel or his relative;
- iii. A firm, in which a director, manager or his relative is a partner;
- iv. A private company in which a director or manager or his relative is a member or Director;
- v. A public company in which a director or manager and holds 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 on whose advice, directions or instructions a director or manager is accustomed to act:
- viii. Any Body Corporate which is—
  - 1. a holding, subsidiary or an associate company of such company;
  - 2. a subsidiary of a holding company to which it is also a subsidiary; or
  - 3. an investing company or the venture of the company;"
- ix. A director other than an independent director or key managerial personnel of the holding company or his relative with reference to a company shall be deemed to be a related party.

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

**B. Any person or entity as may be prescribed under applicable Accounting Standards.**

**C. any person or entity forming a part of the promoter or promoter group of the listed entity; or any person or any entity, holding equity shares:**

- (i) of twenty per cent or more; or
  - (ii) of ten per cent or more, with effect from April 1, 2023;
- in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year shall be deemed to be a related party.”

- (h) **“Relative”** with reference to any person, means anyone who is related to another, if—
- i. they are members of a Hindu Undivided Family;
  - ii. they are husband and wife; or
  - iii. A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:
    1. Father (includes step-father).
    2. Mother (includes the step-mother).
    3. Son (includes the step-son).
    4. Son’s wife.
    5. Daughter.
    6. Daughter’s husband.
    7. Brother (includes the step-brother)
    8. Sister (includes the step-sister).

(i) **“RELATED PARTY TRANSACTION**

**“Related party transaction” means** a transaction involving a transfer of resources, services or obligations between:

(i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or

(ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;

Regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract

**“Related Party Transactions” also means** contract or arrangement with a related party with respect to-

- 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 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

**Following shall not be considered as RPT;**

- a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - payment of dividend;
  - subdivision or consolidation of securities;
  - issuance of securities by way of a rights issue or a bonus issue; and
  - Buy-back of securities.
- c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

*Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s);*

**(j) “Material Related Party Transaction”**

**As under Regulation 23 of SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015 means** 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

- rupees one thousand crore or
- Ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material 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 listed entity as per the last audited financial statements of the listed entity.

**As under sec 188 Companies Act, 2013 read with rule 15 of the Companies (MBP) Rules, 2014 means**

Particulars of transaction	Limits
Sale, purchase or supply of any goods or material	10% or more, of the turnover of the company
Selling or otherwise disposing of or buying property of any kind	10% or more of net worth of the company or
Leasing of property any kind	10% or more of the turnover of company
Availing or rendering of any services	10% or more of the turnover of the company
For appointment to any office or place of profit in the company, its subsidiary company or associate company	monthly remuneration exceeding 2.5 lakh rupees
For remuneration for underwriting the subscription of any securities or derivatives thereof	exceeding 1% of the net worth

(k) **“Material Modification”** Shall mean any modification to a related party transaction which has been considered as material transaction and exceeds the threshold limit by more than 30 % to an already approved material transaction.

(l) **“Holding Company”** means a Company within the meaning of section 2(46) of the Companies Act, 2013

(m) **“Subsidiary”** shall mean a subsidiary as defined under the Companies Act 2013.

(n) **“Transaction”** with a related party shall be construed to include single transaction or a group of transactions in a contract

(o) **“Office or place of profit”** means any office or place—

(i) 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, perquisites, any rent-free accommodation, or otherwise;

(ii) 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;

(p) **“RPT Policy”** means the Related Party Transactions Policy as set out herein and as amended or modified from time to time

(q) **“Turnover or Net Worth”** means turnover or net-worth calculated on the basis of the Unaudited/Audited Financial Statement of the preceding financial year

*Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 the SEBI (Listing Obligation and disclosure Requirement) Regulations 2015 and applicable Accounting Standards/IND-AS or any other applicable regulation.*

## **VI. IDENTIFICATION OF RELATED PARTY TRANSACTIONS**

- a) Every Director will be responsible for providing a declaration in the prescribed format as per Companies Act, 2013 containing the following information to the Company Secretary on an annual basis

<b>S.No</b>	<b>Particulars</b>
1.	Names of his/her Relatives
2.	Partnership firms in which he/she or his / her Relative is a partner
3.	Private Companies in which he/she or his/her Relative is a member or a Director
4.	Public Companies in which he/she is a Director and holds along with his/her Relatives more than 2% of paid up share capital
5.	Any Body Corporate who's Board of Directors, Managing Director or Manager is accustomed to act in accordance with his/her advice, directions or Instructions.
6.	Persons on whose advice, directions or instructions, he/she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity)

*Every Director and the Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and/or controls immediately on him/her becoming aware of such changes*

- b) Every Director, Key Managerial Personnel, Promoter or person belonging to promoter group, Leadership Team Members, Head of Departments (HODs) and other officers authorized to enter into contracts/ arrangements will be responsible for providing prior Notice to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Board/Committee may request, for being placed before the Committee and the Board
- c) The RPTs should be in conformity with the prevailing rules and regulations prescribed by law.
- d) Besides the above, the Company will also identify other Related Parties as required under the Companies Act, 2013 and Clauses mentioned under the LODR.
- e) Any transaction by the Company with a Related Party will be regulated as per this Policy
- f) The Company Secretary shall be responsible to maintain an updated database of information pertaining to Related Parties reflecting details of –
- a. All Directors and Key Managerial Personnel;
  - b. All individuals, partnership firms, Companies and other persons as declared and updated by Directors and Key Managerial Personnel;
  - c. Company's holding Company, subsidiary Companies and associate Companies, if any;
  - d. Subsidiaries of holding Company, if any;
  - e. Director or Key Managerial Personnel of the holding Company or their Relatives, if any;
  - f. Any other entity which is a Related Party as defined under Section 2(76) of the Companies Act, 2013 read with Clauses of LODR or the relevant Accounting Standard.
  - g. The Company Secretary in consultation with the Chief Financial Officer may refer any Potential related party transaction to any external legal/transfer pricing expert and the Outcome or opinion of such exercise shall be brought to the notice of the Audit Committee. Based on this Notice, the Company Secretary will take it up for necessary approvals under this Policy

## **VII. DEALING WITH RELATED PARTY TRANSACTIONS**

The Board shall fulfill the function of monitoring and managing potential conflicts of interest of management, Board and shareholders, including misuse of corporate resources and abuse in related party transactions.

The Company shall comply with applicable provisions of the SEBI Listing Regulations, Companies Act 2013 and Rules made there under, the Listing Agreement and other applicable law in force from time to time in dealing with the Related Party Transactions.

## **VIII. APPROVAL PROCESS**

### **A. Audit Committee approval**

- a) All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the listed entity. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.
- b) a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;
- c) with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;
- d) Prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

### **B. Shareholder's Approval**

All material related party transactions and subsequent material modifications as defined by the audit committee shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not

Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.



Provided further that the requirements specified under this sub-regulation 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.

### **Exemptions from Audit Committee and Shareholder's approval**

- a) transactions entered into between two government companies;
- b) 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.
- c) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval
- d) Any transaction involving the providing of compensation to a director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- e) 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

### **C. Omnibus Approval**

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- (i) The Audit Committee shall lay down the criteria for granting an omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of Related Party Transactions which are repetitive in nature.
- (ii) The Audit Committee shall satisfy itself of the need for such omnibus approval and that such approval is in the interest of the company;
- (iii) Such 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 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;
- (iv) 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 Rs.1 crore per transaction.
- (v) Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
- (vi) Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of the financial year.

## **D. Board Approval**

The Board shall approve such Related Party Transactions as are required to be approved under Act and/or Listing Regulations and/or transactions referred to it by the Audit Committee,

Provided that Board approval is not required for any the Related Party Transaction(s) to be entered into in the ordinary course of business and on an arm's length basis.

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

- a) 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;
- b) 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;
- c) Material Related Party Transactions as well as Related Party Transactions requiring shareholders' approval under Section 188 of the Companies Act, 2013 and Rules made thereunder, which are intended to be placed before the shareholders for approval.

Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

## **IX. INFORMATION TO BE REVIEWED BY AUDIT COMMITTEE FOR APPROVALS**

The CFO of the Company shall provide to the Committee all relevant material information of all Related Party Transaction(s), including the terms of the transaction(s), the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters inter alia including the following:

- (a) Type, material terms and particulars of the proposed transaction;
- (b) Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- (c) Tenure of the proposed transaction (particular tenure shall be specified);
- (d) Value of the proposed transaction;
- (e) The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- (f) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
  - details of the source of funds in connection with the proposed transaction;
  - where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
    - ✓ nature of indebtedness;
    - ✓ cost of funds; and
    - ✓ tenure;

- applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
  - the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- (g) Justification as to why the RPT is in the interest of the listed entity;
- (h) A copy of the valuation or other external party report, if any such report has been relied upon;
- (i) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- (j) Any other information that may be relevant

**In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:**

- Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether the Related Party Transaction would affect the independence of the Director/KMP;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction; and
- Whether the Related Party Transaction is in the nature of conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director or other Related Party, the direct or indirect nature of the Directors, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.
- Whether there are any compelling business reasons / rationale for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company
- Review the status of long term (more than one year) or recurring RPT'S on annual basis.

Subject to the provisions of the applicable laws, the Audit Committee will have the discretion to approve/modify/recommend/refer the proposed Related Party Transaction for the approval of Board or shareholders.

And, in the event such transaction, contract or arrangement is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act 2013 and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.

**X. DISCLOSURE**

- a) Every Related Party Transaction entered into by the Company shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction. The Chief Financial Officer shall be, responsible for such disclosure. The Company Secretary / Compliance Officer shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.]
- b) The Company shall disclose to the stock exchange along with the compliance report on corporate governance on a quarterly basis details of all material transactions with Related Parties.

- c) The Company shall submit within specified time limit as stated in SEBI (LODR) the 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 publish the same on its website.
- d) Director's report shall contain details of Related Party Transactions as required under the Act and Regulation 23 of the SEBI Listing Regulations.
- e) The Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report of the Company.

#### **XI. RELATED PARTY TRANSACTION NOT APPROVED UNDER THIS POLICY**

In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review/approval of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

#### **XII. POLICY REVIEW**

The Board may, subject to applicable laws, amend, suspend or rescind this Policy at any time and in any case, the Policy shall be reviewed by the Board at least once every three years and updated accordingly. Any difficulties or ambiguities in the Policy will be resolved by the Board in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Related Party Policy.

In the event of any conflict between the provisions of this Policy and of the applicable law(s) dealing with the Related Party Transactions, such applicable law(s) as may be in force from time to time shall prevail over this Policy.

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