

ASSAM ENTRADE LIMITED

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POLICY ON RELATED PARTY TRANSACTIONS

1. SCOPE AND PURPOSE OF POLICY

The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("Listing Regulations") have laid down extensive requirements to be fulfilled in case of Related Party Transactions. Additionally, the Listing Regulations specifies that the Company is required to formulate a policy on materiality of related party transactions and also on dealing with Related Party Transactions including clear threshold limits duly approved by the Board of Directors and such policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.

Keeping in view the above mentioned compliance requirements provided in Companies Act, 2013 read with related rules issued thereon and Listing Regulations including any amendment thereof, the Board of Directors of Assam Entrade Limited ("AEL"), acting upon the recommendations of the Audit Committee of the Company, has approved and adopted this policy and procedure with regard to Materiality of Related Party Transactions and dealing with Related Party Transactions of the Company.

All Related Party Transactions as defined in this Policy shall be subject to review in accordance with the procedures set forth below.

2. DEFINITIONS

"Act" means the Companies Act, 2013 and rules made thereunder as amended from time to time.

"Audit Committee" means a Committee of the Board of Directors of the Company constituted under provisions of the Act and Listing Regulations.

"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.

A Related Party with whom the Related Party Transactions is undertaken must have been selected using the same screening / selection criteria / underwriting standards and procedures as may be applicable in case of an unaffiliated party.

"Board" shall mean Board of Directors of the Company.

"Company" means Assam Entrade Limited.

"Control" as defined under the Companies Act, 2013 includes the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

“Control” as per SEBI(LODR) Regulation, 2015: shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 which is:

“control” includes the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

Provided that a Director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position;

“**Holding Company**” shall have the meaning as specified under Section 2(46) of the Act.

“**Key Managerial Personnel**” as defined under the Companies Act, 2013 means:-

- a) the Chief Executive Officer or the Managing Director or the Manager;
- b) the Company Secretary;
- c) the Whole-time Director;
- d) the Chief Financial Officer;
- e) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- f) such other officer as may be prescribed under the Act.

“**Listing Regulations**” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

“**Material Modification in related party transaction**” will mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

“**Material Related Party Transactions**”

- a. As per Listing Regulations

In case any related party transaction / transactions, to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs.1000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the listed entity, whichever is lower.

However, 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 5% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company.

- b. Under the Companies Act, 2013

Following transactions with a Related Party shall require Shareholders approval, if it exceeds transaction value given in column 2 below:

Transactions covered (column 1)	Transaction value (column 2)
sale, purchase or supply of any goods or materials directly or through appointment of agents	> 10% or more of Turnover
selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents	> 10% or more of Net worth.
leasing of property of any kind	> 10% or more of Turnover
availing or rendering of any services directly or through appointment of agents	> 10% or more of Turnover
such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company	monthly remuneration > Rs. 2.5 Lakh
Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company	> 1% of Net Worth

Note: The limits shall apply for these transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year. The turnover or net worth referred as mentioned above shall be computed on the basis of the audited financial statement of the preceding financial year.

“Ordinary Course of Business” means all 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 routine in managing trade or business and is permitted by the objects clause of the Memorandum of Association of the Company. The Company should take into account the frequency of the activity and its continuity carried out in a normal organized manner for determining what is in the ordinary course of business.

“Related Party”:

a. Under the Companies Act, 2013

“Related Party” means with reference to the Company:

- (i) A director or his relative;
- (ii) 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 and manager is a director and holds along with his relatives, more than 2% of its paid-up share capital;
- (vi) A 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, except when such advice is given in a professional capacity;
- (vii) Any person on whose advice, directions or instructions a director or manager is accustomed to act, except when such advice is given in a professional capacity;
- (viii) Anybody corporate which is –
 - (a) A holding, subsidiary or an associate company of such company;
 - (b) A subsidiary of a holding company to which it is also a subsidiary; or
 - (c) An investing company or the venturer of the company.

Explanation - For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

- (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.

Here the term “Relatives” means relative means as defined under the Act and includes anyone who is related to another, if -

- (i) They are members of a Hindu Undivided Family;
- (ii) They are husband and wife; or
- (iii) One person is related to another in the following manner, namely:-
 - (a) Father (including step-father)
 - (b) Mother (including step-mother)
 - (c) Son (including step-son)
 - (d) Son’s wife
 - (e) Daughter
 - (f) Daughter’s husband
 - (g) Brother (including step-brother)
 - (h) Sister (including step-sister)

b. As per Listing Regulations

“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.

(b) any person or any entity, holding equity shares of ten per cent or more, 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;

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.

c. As per Indian Accounting Standard (Ind AS) 24

A “Related Party” is a person or entity that is related to the entity that is preparing its financial statements (in the Standard referred to as the ‘reporting entity’).

(a) A person or a close member of that person’s family is related to a reporting entity if that person:

- (i) has control or joint control of the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

“Related Party Transactions (RPTs)”

a. Under the Companies Act, 2013

Any contract or arrangement with respect to the following shall be considered as a Related Party Transactions (RPTs):

- i) sale, purchase or supply of any goods or materials;
- ii) selling or otherwise disposing of, or buying, property of any kind;
- iii) leasing of property of any kind;
- iv) availing or rendering of any services;
- v) appointment of any agent for purchase or sale of goods, materials, services or property;
- vi) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- vii) Underwriting the subscription of any securities or derivatives thereof, of the company.

b. As per Listing Regulations

A “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.

Provided that the following shall not be a related party transaction:

- (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:
 - i. Payment of dividend;
 - ii. Sub-division or consolidation of securities;
 - iii. Issuance of securities by way of a rights issue or a bonus issue; and
 - iv. 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);

“**Subsidiary Company**” shall have the same meaning as defined under section 2(87) of Companies Act, 2013.

3. PROCEDURE AND POLICY

I. Audit Committee

A. All RPTs shall be referred shall be referred to the Audit Committee for prior approval, irrespective of its materiality. The Audit Committee shall also approve any subsequent material modification of RPTs. Only those members of the audit committee, who are independent directors, shall approve related party transactions. Concerned Director will refer RPTs to Audit Committee for approval.

B. Omnibus Approval

- i. The Audit Committee shall take into account following considerations while granting omnibus approval for RPTs, of repetitive nature:
 - Criteria specified by the Audit Committee under Rule 6A of the Companies (Meetings of Board & Its Powers) Rules, 2014 after approval of the Board;
 - Nature of relationship with the related party;
 - Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
 - Method and manner of determining the pricing and other commercial terms;
 - Justification for need of omnibus approval;
 - Whether the transaction is at arm’s length and in ordinary course of business; and
 - Any other information relevant or important to take a decision on the proposed transaction.

- ii. Pursuant to Regulation 23 of Listing Regulations, the threshold limits for RPTs for granting omnibus approval for each financial year is as under:

Sl. No.	Criteria	Amount
1.	Maximum value of transactions, in aggregate, which can be allowed under the omnibus route	Rs.5 crore
2.	Maximum value per transaction which can be allowed	Rs. 1 crore

- iii. The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Listing Regulations and such other conditions as it may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year. Additionally, the Committee may also grant omnibus approval for RPTs of unforeseen nature not exceeding Rs. 1 crore.
- iv. The Audit Committee shall review on a quarterly basis the details of RPTs entered into by the Company pursuant to omnibus approval.
- C. As per SEBI (LODR) Amendment (Sixth Amendment) Regulations, 2021, prior approval of Audit Committee of the Listed entity i.e. Assam Entrade Ltd is also required for the Related Party Transactions- Where subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary.
- D. The Audit Committee will take into account following considerations while dealing with the RPTs:-
- Nature of relationship with the related party;
 - Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
 - Method and manner of determining the pricing and other commercial terms;
 - Whether the transaction is at arm's length; and
 - Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction;
 - 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); Tenure of the proposed transaction (particular tenure shall be specified); Value of the proposed transaction 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). If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - i. details of the source of funds in connection with the proposed transaction;
 - ii. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 1. nature of indebtedness
 2. cost of funds; and
 3. tenure;
 - iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and

iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.

E. Any member of the Audit Committee who has a potential interest in any related party transaction will abstain from discussion and voting on the approval of the related party transaction. Only those members of the Audit Committee who are independent director shall approve all Related Party Transactions.

F. Exemption from Approval of Audit Committee

As per Section 177 of the Companies Act, 2013 all transaction (except transaction referred to in Section 188 of the Companies Act,2013) between holding Company and its wholly owned subsidiaries whose accounts are consolidated with accounts of holding Company are exempt from obtaining Audit Committee approval.

II. APPROVAL OF BOARD OF DIRECTORS AND SHAREHOLDERS

The Board of Directors and shareholders of the Company shall accord approval for related party transactions, subject to the following:

A. Board of Directors and Shareholders approval in terms of Companies Act, 2013 – All Related Party Transactions which are either not on arm's length basis or not in the Ordinary Course of Business shall be recommended by the Audit Committee for the approval of the Board of Directors.

The Board of Directors shall further recommend the same for prior approval of the Shareholders by way of resolution of the Company, in case the said transactions exceed the value of transactions as prescribed under the Companies Act, 2013.

B. Board of Directors and Shareholders approval in terms of Listing Regulation - In terms of Regulation 23 of the Listing Regulations, all material Related Party Transaction and subsequent material modification shall be recommended by the Board of Directors to the shareholders for their approval by way of resolution.

A related party transaction to which the unlisted subsidiary of AEL is a party but AEL is not a party, shall require prior approval of Shareholders of AEL if the value of such transaction exceeds the threshold limit as prescribed under SEBI (LODR) Regulations, 2015.

All entities falling under the definition of related parties shall not vote to approve the transaction

whether the entity is a party to the particular transaction or not.

The requirement of obtaining Audit Committee and shareholders' approval for related party transactions (as referred under Regulation 23 (2) (3) and (4) of SEBI (LODR) Regulation, 2015) is exempted under following circumstances:-

i) transactions entered into between two Government Companies;

ii) transactions entered into between a holding company (AEL) and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

iii) 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.

OTHER KEY ASPECTS

Each director/KMP who is a Related Party with respect to a particular Related Party Transaction shall disclose all material information to the Audit Committee/Board of Directors concerning such Related Party Transaction and his or her interest in such transaction.

4. RATIFICATION OF THE RELATED PARTY TRANSACTIONS

Where any contract or arrangement, which is considered as a related party transaction exclusively as per Companies Act, 2013, is entered into by a director or any other employee, without obtaining the consent of Audit Committee or the Board or the shareholders of the Company, such transaction shall be ratified by the Audit Committee or Board or by the shareholders, as the case may be, at a meeting within three months from the date on which such contract or arrangement was entered into.

In case such transaction is not ratified within the specified period, such contract or arrangement shall be voidable at the option of the Audit Committee or the Board or the Shareholders 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.

5. DISCLOSURE

The Company is required to disclose this Policy on dealing with RPTs on its website and a web-link thereto shall be provided in the Annual Report on the Company. The Annual Report of the Company shall also contain the disclosures on related parties as required under the Listing Regulations.

Details of all Material RPTs shall be disclosed along with Company's Compliance Report on Corporate Governance, in accordance with the Listing Regulations as amended from time to time.

The Company shall submit to the stock exchanges disclosures of RPTs in the format as specified by the SEBI from time to time, every six months on the date of publication of its Results (standalone and consolidated financial results).

6. AMENDMENTS TO THE POLICY

The Audit Committee shall periodically review this Policy and may recommend amendments to this Policy to the Board from time to time as it deems appropriate. The Policy has to be reviewed at least once in every three years.

Any subsequent notification, circular, guideline or amendments under Companies Act, 2013, Listing Regulations, Accounting Standards and all other applicable laws, as may be issued from time to time shall be mutatis mutandis applicable to this policy. Such amendment may be carried out in the Policy with the approval of CFO and Chairman & Managing Director. Any such revision in the policy shall be put up to the Audit Committee and the Board in their next meeting for information.
