

ANIK INDUSTRIES LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

(Modified w.r.t. the Sixth Amendment to the SEBI LODR Regulations dated 9th November, 2021 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated 22nd November, 2021 - The amendments appearing in [] shall be effective from April 1, 2022 unless otherwise specified).

ANIK INDUSTRIES LIMITED
Policy on Related Party Transactions

1. INTRODUCTION

The Board of Directors (the “Board”) of ANIK INDUSTRIES LIMITED (the “Company” or “ANIK ”), recognizes that certain relationships can present potential or actual conflicts to interest and may raise questions about whether transactions associated with such relationships are consistent with Company’s and its stakeholders’ best interest. The Company must specifically ensure that certain transactions are effected and disclosed in accordance with strict legal and accounting standard to which it is subject.

2. PURPOSE

The provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s) / re-enactment(s) thereof] required formulation of a Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions. The policy is intended to ensure proper approval and reporting of related party transactions. However SEBI Listing Regulations were further amended by SEBI suggesting further changes to the Related Party Governance regime.

3. DEFINITIONS

“Act” shall mean the Companies Act, 2013 and the rules framed there under, including any modifications, amendments, clarifications circulars or re-enactment thereof.

“Arms Length basis” means a transaction between two related parties that is conducted as if they were unrelated, so there is no conflict of interest.

“Audit Committee or Committee” means Committee of Board of Directors of the Company constituted under provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) and Companies Act, 2013 and rules made thereunder.

“Board” means Board of Directors of the Company.

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“Key Managerial Personnel” mean key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013;

“Policy” means Related Party Transaction Policy.

“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:

The following shall also be treated as the Related Party –

- a. all persons or entities forming part of promoter or promoter group irrespective of their shareholding;
- b. any person/entity holding equity shares in the listed entity, as below, either directly or on a beneficial interest basis at any time during the immediately preceding financial year:
 - i. to the extent of 20 % or more ;
 - ii. to the extent of 10% or more w.e.f. April 1, 2023.

“Relative” means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under:

“Related Party Transaction” means a transfer of resources, services or obligations between a listed entity and a related party, 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 including but not limited to the following:

- 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
- a) underwriting the subscription of any securities or derivatives thereof, of the company.

The RPT shall also include transactions between –

- a. the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand;
- b. the Company 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 Company or any of its subsidiaries w.e.f. April 1, 2023.]

The term shall have the meaning ascribed to it under the SEBI Listing Regulations as may be amended from time to time or relevant provisions of the Act.

“Material Related Party Transaction” means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds **Rs. 1000 Crore** or **ten percent of the annual consolidated turnover** of the company as per the last audited financial statements of the Company [whichever is lower].

[“**Material Modification**” in terms of SEBI LODR means any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% (twenty percent) or more, in the relevant previously approved related party transaction.]

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.

4. APPROVAL OF RELATED PARTY TRANSACTIONS

- A. As per the Companies Act, 2013, the related party transactions entered into by the company which is in its ordinary course of business and which is on an arm's length basis does not require any approval from the shareholders.
- B. As per the Regulation 23 of SEBI Listing Regulations, all related party transactions where the Company is a party to such transactions shall require prior approval of the Audit Committee and subsequent approval is also required for material modifications.
- C. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company, subject to the following conditions:
 - 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 one crore per transaction.

- (a) 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.
- (b) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year:

The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

Further, Prior approval of the Audit committee shall be required for

a. All RPTs and subsequent Material Modifications;

b. RPTs where Company's subsidiary is a party but 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 consolidated turnover of the Company, as per the last audited financial statements of the Company:

c. with effect from April 1, 2023, a related party transaction to which the Company's subsidiary 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 ten per cent of the annual standalone turnover, as per the last audited financial statements of such subsidiary.

Provided that prior approval of the audit committee of the Company shall not be required for RPTs where a listed subsidiary of the Company is a party but the Company is not a party, if regulation 23 and 15 (2) of SEBI LODR are applicable to such listed subsidiary.]

D. The following types of related party transactions shall require approval of the shareholders through resolution:

a) All the Material Related Party Transactions and subsequent Material Modifications shall require **prior** approval of the Board and shareholders through Ordinary 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 shareholders of the Company shall not be required for RPTs where listed subsidiary is a party but the Company is not a party, if regulation 23 and 15 (2) of SEBI LODR are applicable to such listed subsidiary.]

[Provided that the provisions pertaining to –

- Prior approval of the Audit Committee for all RPTs;
 - Omnibus approval for RPTs; and
 - Prior approval of shareholders for Material Related Party Transactions and subsequent Material Modifications shall not be applicable when the transactions are entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- b) All such Related Party Transactions which are not in the ordinary course of business and which exceed the threshold limits as given under Companies Act, 2013. [which are not in the ordinary course of business or not at the arm's length price and are] exceeding threshold limits prescribed in the Act shall also require prior approval of shareholders of the Company by way of Ordinary Resolution and [all entities falling

under the definition of Related Parties shall not vote to approve the relevant transaction, irrespective of whether the entity is a party to the particular transaction or not.]

[Further, the information as prescribed under the Companies Act, 2013 and/or the SEBI Listing Regulations, from time to time shall be provided in the Notice to the shareholders for consideration of RPTs.]

No related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

5. TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL

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 [including following

(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 Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

i. payment of dividend;

ii. subdivision or consolidation of securities;

iii. issuance of securities by way of a rights issue or a bonus issue; and

iv. buy-back of securities.]

6. DISCLOSURES

Every director of a 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—

a) with a body corporate in which such director or such director in association with any other director, holds more than two per cent shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or

b) with a firm or other entity in which, such director is a partner, owner or member, as the case may be,

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 such meeting:

Provided that where any director 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 the Board held after he becomes so concerned or interested.

The Company is required to disclose:

a. Related Party Transactions in the Company's Annual Report as per the requirements of SEBI Listing Regulations 2015.

b. [Material RPTs shall be provided in the notice to shareholders].

c. Details of all Material Related Party Transactions shall be disclosed quarterly along with Company's Compliance Report on Corporate Governance, in accordance with the SEBI Listing Regulations.

d. The Company shall submit [enhanced disclosure of information related to RPTs to be provided to the stock exchanges every six months in the format specified by the SEBI with the following timelines:

i. within 15 days from the date of publication of financials;

ii. simultaneously with the financials w.e.f. April 1, 2023] and also publish the same on its website.

This Policy shall be disclosed on Company's website and a web link there to shall be provided in the Annual Report of the Company.

7. AMENDMENT

Any Amendment on the subject of this Policy shall automatically have the effect of amending this Policy without the need of any further approval of the Board of Directors.

[This Policy is lastly amended as per the recommendations of the Audit Committee meeting held on 12th February, 2022 and approved by the Board of Directors at its meeting held on 12th February, 2022.]