

**RELATED PARTY TRANSACTION POLICY**

**OF**

**ALBERT DAVID LIMITED**

## RELATED PARTY TRANSACTION POLICY

### I. PREAMBLE

The Board of Directors (the "Board") of ALBERT DAVID LIMITED (the "Company" or "ADL"), has adopted the following policy and procedures with regard to Related Party Transactions in compliance with the requirements of Section 188 of the Companies Act, 2013 ("the Act") and Rules made thereunder and Listing Agreement with the Stock Exchanges, in order to ensure the transparency and procedural fairness of such transactions.

This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company. The Audit Committee will review and may amend this policy from time to time.

### II. OBJECTIVE

This policy is intended to ensure the proper approval and reporting of transactions as applicable, between the Company and any of its related party in the best interest of the Company and its Stakeholders.

Provisions of this policy are designed to govern the transparency of approval process and disclosure requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws. This Policy shall supplement the Company's other policies in force that may be applicable to or involve transactions with related persons. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

### III. DEFINITIONS

- i. **"Associate Company"** means another company the company has a significant influence, but which is not a subsidiary of the company and includes a jointly controlled entity within the meaning of AS-27.
- ii. **"Audit Committee or Committee"** means Committee of Board of Directors of the Company constituted under provisions of Listing Agreement and Section 177 of the Companies Act, 2013.
- iii. **"Board"** means the Board of Directors of the Company.
- iv. **"Control" means –**
  - a) ownership, directly or indirectly, of more than one half of the voting power of an enterprise, or
  - b) control of the composition of the Board of Directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise, or
  - c) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.

- v. **“Key Managerial Personnel”** means Key Managerial Personnel as defined under Section 2(51) of the Companies Act, 2013 and includes:
- a. the Managing Director;
  - b. the Executive Director;
  - c. the Company Secretary;
  - d. the Whole-time Director;
  - e. the Chief Financial Officer
- vi. **“Policy”** means Related Party Transaction Policy.
- vii. **“Related Party”** with reference to a Company, means-
- a. a director or his relative ;
  - b. a key managerial personnel or his relative ;
  - c. a firm, in which a director, manager or his relative is a partner ;
  - d. a private company in which a director or manager is a member or director;
  - e. a public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital;
  - f. 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 ;
  - g. any person under whose advice, directions or instructions a director or manager is accustomed to act :  
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
  - h. any company which is –
    - A. a holding, subsidiary or an associate company; or
    - B. fellow subsidiary
  - i. any enterprise which is -
    - A. directly or indirectly through one or more intermediaries control the company;
    - B. controlled by the company;
    - C. under common control with the company
  - j. individuals owing directly or indirectly having interest in the voting power which gives them control or significant influence over the company and relatives of such individual ;
  - k. any enterprise –
    - A. over which individuals mentioned in (j) above or Key Managerial Personnel is able to exercise significant influence.
- viii. **“Related Party Transaction”** means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.
- ix. **“Relative”** as per section 2(77) of the Act, with reference to any person, means any one who is related to another, if –
- a. they are members of a Hindu Undivided Family;
  - b. they are husband and wife; or
  - c. one person is related to the other in such manner as prescribed in Rule 4 to the Companies (Specification of definition details) Rules, 2014.

- x. **“Significant Influence”** means participation in the financial and/or operating policy decision of the company but not control of those policies.

#### **IV. POLICY**

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

##### **1. Identification of Potential Related Party Transactions**

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction. All Related Party Transactions shall require prior approval of the Audit Committee.

##### **2. Review and Approval of Related Party Transactions**

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will disclose the same and abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. 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:

- a. Whether the terms of the Related Party Transaction are fair and on arms length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- b. Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c. Whether the Related Party Transaction would affect the independence of an independent director;
- d. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;

- e. 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; and
- f. Whether the Related Party Transaction would present an improper 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, Executive Officer or other Related Party, the direct or indirect nature of the director's, 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.

### **3. Related Party Transactions not approved under this Policy**

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the 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 it may deem appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

### **V. MATERIALITY OF RELATED PARTY TRANSACTION**

Pursuant to clause 49 VII(D) of the Listing Agreement transaction with a Related Party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10 percent of the consolidated annual turnover of the Company as per the last audited financial statements of the Company or the limits laid down under Rule 15 Clause 3(ii) of The Companies (Meeting of Board and its Power) Rules, 2014, whichever is lower.

All Material Related Party Transactions shall require approval of shareholders of the Company through special resolution (unless it is exempted pursuant to the provisions of Listing Agreement) and the Related Parties shall abstain from voting on such resolution(s). The transactions entered should be on arms' length basis.

### **VI. MATERIAL SUBSIDIARIES**

Pursuant to clause 49 V(D) of the Listing Agreement, a subsidiary in which the investment of the Company exceeds twenty per cent of its consolidated net worth as

per the audited balance sheet of the previous financial year or if the Subsidiary has generated twenty per cent of the consolidated income of the Company during the previous financial year shall be considered as a 'Material Subsidiary'.

No Company shall dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50 per cent or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting.

Selling, disposing and leasing of assets amounting to more than twenty per cent of the assets of the material subsidiary shall require prior approval of shareholders by way of special resolution.

## **VII. DISCLOSURES**

- a. Details of all material transactions with related parties are to be disclosed quarterly along with the compliance report on corporate governance.
- b. The Company shall disclose the contract or arrangements entered into with the Related Party in the Board Report to the shareholders along with the justification for entering into such contract or arrangement.
- c. The Company shall disclose this policy relating to Related Party Transactions on its website and also in the Annual Report.

## **VIII. EXEMPTIONS**

Nothing contained in this policy shall apply to any contract or arrangement—

- a. in the ordinary course of its business;
- b. at arms' length price;
- c. service availed in a professional capacity from body corporate/person;
- d. The following transaction(s) undertaken by the Independent Director with the Company or its holding, subsidiary, or associate company or their promoters or directors during the year and during two immediately preceding financial years shall not fall in the ambit of pecuniary relationship with the Company:
  - a. transaction(s) done in ordinary course of business at arm's length;
  - b. receipt of remuneration by way of sitting fees;
  - c. re-imbusement of expenses for attending board and other meetings;
  - d. any profit related commission as approved by members.

## **IX CRITERIA FOR ARM'S LENGTH BASIS**

For transactions with Related Parties, where multiple vendors are available, the transactions shall be considered to be on an arm's length basis in the following circumstances –

- a) clear specifications (including, inter alia, the quantity and quality) of the transaction are made available by the company ;

- b) based on the specifications at least two quotations from different vendors (other than Related Parties) have been sought by the company;
- c) based on the specifications and quotations received the evaluation based on the above criteria/consideration for granting approval (as set forth above) has been done in the best interest of the company.

**X. AMENDMENTS**

The Board of Directors reserve the rights to amend, suspend, review, modify or rescind this Policy in whole or in part, at any time without assigning any reason whatsoever. The Company has made best efforts to define detailed procedures for implementation of this policy, there may be occasions when certain matters are not addressed or there may be ambiguity in the procedures. Such difficulties or ambiguities will be resolved in line with the broad intent of the policy.

**Passed in the Board Meeting held on 9-2-2015**

**Place : Kolkata**

**Date : 9-2-2015**