



APIS INDIA LIMITED



POLICY ON RELATED PARTY TRANSACTION



1. INTRODUCTION

The Board of Directors (the “Board”) of APIS India Limited (the “Company”), has adopted the following policy and procedures with regard to Related Party Transactions (including materiality of related party transactions and dealing with related party transactions) as defined below. The Audit Committee is to review and shall, from time to time, recommend amendments, if any, in this policy to the Board.

This policy is applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company.

2. PURPOSE

This policy is primarily framed based, w.e.f. 02.09.2015, on Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, hereinafter referred to as ‘Regulations’ and the provisions of Companies Act, 2013 (the “Act”) including Rules made there under, and are primarily intended to ensure the governance and reporting of transactions between the Company and its Related Parties.

Up to 01.09.2015 the policy is based on Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges and the Act.

3. DEFINITIONS

“Associate” shall mean any entity which is an associate under sub-section (6) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

“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 purpose of this clause, “significant influence” means control of at least twenty percent of total share capital, or of business decisions under an agreement.



An Associate as per Accounting Standard – 18

An enterprise in which an investing reporting party has significant influence and which is neither a subsidiary nor a joint venture of that party.

“Audit Committee or Committee” means “Audit Committee” constituted by the Board of Directors of the Company under the provisions of Listing Regulations and the Companies Act, 2013, from time to time.

“Board of Directors” or “Board” means the Board of Directors of APIS India Limited, as constituted from time to time.

“Key Managerial Personnel” (KMP) means Key Managerial Personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013.

In relation to a company, means:

- i the Chief Executive Officer or the managing director or the manager;
- ii the company secretary;
- iii the whole-time director;
- iv the Chief Financial Officer; and
- v such other officer as may be prescribed;

“Material Related Party Transaction” – 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 ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the company.

“Policy” means this Policy on related party transactions (including materiality of related party transactions and dealing with related party transactions).

“Related Party” as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

“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.



Related Party` as per Section 2(76) of the Companies Act, 2013:

S. No.	R.P Through Director/Manager	R.P through company	R.P through K.M.P/Others
1.	With reference to company	its Holding	KMP himself
2.	Directors himself	its subsidiary	KMP Relative
3.	Directors relatives	its Associates	any person on whose advice, directions or instructions a director or manager is accustomed to act;
4.	Firm in which Director/manager or his relative is a partner	Fellow subsidiary	
5.	Private company in which director/manager is a member or director(relative not included)	a director (other than an independent director) or K.M.P of the holding of such company or their relatives with reference to the company. (Proposed to be exempted to private)	
6.	Public company in which director/manager is a director and he or together with his relative holds more than 2% of paid up capital		
7.	Any body corporate whose Board of Directors, managing director or is accustomed to act in accordance with the advice, directions or instructions of a director or manager; (excluding professional capacity)		

Related parties as per Accounting Standard – 18

- I. Holding companies, subsidiaries and fellow subsidiaries.
- II. Associate and joint ventures and investing party or venture in an entity in respect of which Company is an associate or a joint venture.
- III. Individuals owning, directly or indirectly, an interest in voting power of the company which Gives them control or significant influence and relative and key management personnel (KMP) of such individuals.
- IV. Enterprises over which persons described in (III) above exercise significant influence. These include enterprises owned by directors or major shareholders and enterprises having a KMP in common with the company.

The Term Company used herein implies reporting enterprise.

“Related Party Transaction” as per regulations 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.

“**Related Party Transaction**” as per Companies Act, 2013, shall mean contracts and arrangements with a related party with respect to –



“**Relative**”: “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 one person is related to the other in such manner as may be prescribed;



As per Rule 4 of Companies (Specification of definitions details) Rules, 2014-

The rules prescribed a list of 15 relations to be covered under (iii) above. In the Definition Rules, this list has been rationalized to exclude grandparents and grandchildren. Now, it covers only 8 relations (see Table 3).

Father (including step-father)	Daughter
Mother (including step-mother)	Daughter's husband
Son (including step-son)	Brother (including step-brother)
Son's wife	Sister (including step-sister)

In the context of independent directors, RC49 states that the term 'relative' will have the same meaning as defined under the 2013 Act and rules prescribed there under.

Under AS-18 all, except '4' and '6' referred to in Rule-4 above, are relatives of one if they are influencing or are influenced by one's decision with respect to reporting enterprise.

“Transactions in ordinary course of business”

With particular reference to the company - APIS India Limited, following transactions in the context of business of the company have been identified as Transactions 'in ordinary course of business' of the company. These are only examples and not an all inclusive list:

1. Sale of Goods, Materials and Services;
2. Purchase of Goods, Materials and Services;
3. Payment of expenses of Joint Venture Company – Forum 1 Aviation Private Limited;
4. Reimbursement of actual out of pocket expenses incurred from/to the Company to/ from the Related Party;
5. Reimbursement of ESOP Expenses from subsidiaries;
6. Payment of remuneration (including sitting fee and ESOP, if any) to Related Parties from the company or subsidiaries, where they are working in a whole time position or as a director.

“Transactions on an 'Arm's length basis” shall mean and include a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.



4. POLICY

4.1. Identification of Related Party

Each Director and Key Managerial Personnel (KMP) is responsible to notify to the Board regarding persons and entities to be considered as `Related Parties` by virtue of his/her being Director/ KMP in the company. Such Notice shall be issued to the company at the time of appointment and also at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made.

In addition to above, management is to identify other related parties based on control exercised by company on them and vice-versa within the meaning of Companies Act, 2013 and AS-18.

4.2. Identification of Potential Related Party Transactions

On the basis of related parties identified in application of exercise referred to in 4.1. Above, the Management is to intimate Audit Committee or Board, as may be required, of any potential Related Party Transaction with any person or entity, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee is/are to determine whether the transaction genuinely constitutes a Related Party Transaction requiring compliance with this policy.

4.3. Review and Approval of Related Party Transactions

All Related Party Transactions must be reported to the Audit Committee for its prior approval in accordance with this Policy. The Committee shall review the transaction and recommend the same for approval of the Board and shareholders, if required, in accordance with this policy.

The approval of Audit Committee, Board or Shareholders, as may be required under this Policy is to be taken prior to entering into the Related Party Transaction



RELATED PARTY TRANSACTION



Audit Committee approval (as per the policy)



For a listed Company (i.e. APIS INDIA LLIMITED)



- Board Approval and
- Special resolution of disinterested shareholders is required.

A. Approval of Audit Committee

1. All Related Party Transactions require prior approval of Audit Committee either at a meeting or by resolutions by circulation.
2. The Audit Committee shall grant approval/ **omnibus approval** for Related Party Transactions proposed to be entered into by the company, in line with this policy on Related Party Transactions (including criteria for granting approvals/ omnibus approval) of the company.
3. For granting of approval & for review of approved Related Party Transactions, the Audit Committee shall 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 matter. The information shall specifically cover under **Annexure 1**.



4. Criteria for granting approval (including omnibus approval) – **Annexure 2.**
5. The approval / omnibus approval granted by the Audit Committee shall specify as per **Annexure-3.**
6. Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.
7. The 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 made.
8. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.
9. Any other conditions as the Audit Committee may deem fit.
10. Any member of the Committee who has a potential interest in any Related Party Transaction is to abstain from discussion and voting on the approval of the Related Party Transaction.
11. The Audit Committee is entitled to seek professional advice/ opinion relating to concerns, if any.

(B) Approval of Board of Directors

1. If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board is to consider and approve the Related Party Transaction at a meeting and the considerations set forth in clause 4.3 (A) above apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.
2. All the Related Party Transactions which are –
 - i. not in the Ordinary Course of Business or not at Arm's Length Basis;
and
 - ii. all Material Related Party Transactions (other than transactions entered into by the company with its wholly owned subsidiary, whose accounts are consolidated with the company and placed before the shareholders at the



general meeting for approval) are to be brought before the Board and the Board shall consider and approve the Related Party Transaction at a meeting. The considerations set forth in clause 4.3 (A) above apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

3. Any member of the Board who is interested or has a potential interest in any Related Party Transaction is not to be present at the meeting during discussions on the subject matter of the resolution relating to such Related Party Transaction.

(C) Approval of Shareholders

- I. All the **Material Related Party Transactions** (other than transactions entered into by the company with its wholly owned subsidiary, whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval) require prior approval of the shareholders through resolution and all entities falling under the definition of Related Parties are to abstain from voting on such resolutions irrespective of whether the entity is a party to the particular transaction or not.
- II. All **Related Party Transactions** which are not in the Ordinary Course of Business and/or are not at Arms' Length Basis and are exceeding the limits mentioned in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 shall require prior approval of the shareholders through resolution. Related Parties to the contract or arrangement are to abstain from voting on such resolution. It is clarified that the 'Related Party' referred to here has to be construed with reference to the contract or arrangement under the particular resolution. Thus the term 'Related Party' in the given context, refers to only such related party as may be a related party in the context of the contract or arrangement for which the said resolution is being proposed.
- III. The approval of Board of Directors and Shareholders required for related party transactions (RPT) have been mentioned in the Table below:



(Approval of Audit Committee is required for all related party transaction)

Transaction	Not in ordinary course of business	Not at Arm's length Basis	In ordinary course of business	At Arm's length Basis
Material RPT(as per Listing regulations)	Board approval &	Board approval &	Board approval &	Board approval &
	Shareholder's approval by ordinary resolution	Shareholder's approval by ordinary resolution	Shareholder's approval by ordinary resolution	Shareholder's approval by ordinary resolution
All RPT exceeding limits of Rule 15 under companies(Meetings of Board and its powers) Rules, 2014	Board approval &	Board approval &	None	None
	Shareholder's approval by ordinary resolution	Shareholder's approval by ordinary resolution		
All RPT within limits under Rule 15 of companies(Meetings of Board and its powers) Rules, 2014	Board Resolution	Board Resolution	None	None

(D) Transactions not requiring approval of Audit Committee, Board or Shareholders

Notwithstanding the foregoing, the following Related Party Transactions do not require approval of Audit Committee, Board or Shareholders:

- I. Any transaction that involves the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- II. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and where all holders of such securities receive the same benefits pro rata as the Related Party.



(E) Transactions not requiring approval of Board or Shareholders

Notwithstanding the foregoing, the following Related Party Transactions do not require approval of Board or Shareholders:

- I. Contracts entered into by the Company pursuant to section 297 of the Companies Act 1956, which have already come into effect before the commencement of section 188 of the Companies Act, 2013, do not require fresh approval under section 188 of the Companies Act, 2013, till the expiry of the original term of such contracts. However if any modification in such contract is made on or after April 1, 2014, the requirements under section 188 of the Companies Act'2013 are to be complied with.
- II. transactions entered into by the company in the ordinary course of business and at arms length basis with its wholly owned subsidiary, whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.

5. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy prior to its consummation, the matter is to be reviewed by the Audit Committee. The Committee is to consider all the relevant facts and circumstances regarding the Related Party Transaction, and evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee is also to examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and take any such action it deems appropriate in accordance with the provisions of Companies Act, 2013 and the Listing Regulations.



6. REPORTING AND DISCLOSURES

1. Details with respect to Related Party Transactions are to be disclosed to the Stock Exchanges (where shares of the company are listed) in the compliance report on corporate governance.
2. The policy on dealing with Related Party Transactions is to be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.
3. Particulars of every contract or arrangement with Related Parties under section 188 (1) of the Act are to be included in the Board's Report to the shareholders along with justification for entering into the transaction in the prescribed Form AOC-2.
4. A Register pertaining to Related Party Transactions is maintained by the company in accordance with the Companies Act, 2013, which is placed before the Board / annual general meeting as per the requirements of Companies Act, 2013.
5. Disclosure regarding Related Party relationship and transactions with them are made in the Financial Statements as per the requirements of relevant Accounting Standards and the Listing Regulations.

7. AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy are subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities found inconsistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

This Policy has been communicated to all operational employees and other concerned persons of the Company and placed on the website of the Company at www.apisindia.com



Annexure-1

The information shall specifically cover the following:

- i the name(s) of the related parties and nature of relationship;
- ii nature, period/duration of the transaction/ contract / arrangement;
- iii material/ salient terms of the transaction / contract / arrangement including the value, if any;
- iv the manner of determining the pricing and other commercial terms, both included as part of the contract and not considered as part of the contract;
- v the indicative base price / current contracted price and the formula for variation in the price, if any (*applicable in case of omnibus approval*);
- vi any advance paid or received for the transaction/ contract / arrangement, if any;
- vii whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors;
- viii justification for the need of the transaction/ contract / arrangement;
- ix whether the transaction/ contract / arrangement is in interest of the company;
- x whether the transaction/ contract / arrangement is repetitive in nature (in past or in future) (*applicable in case of omnibus approval*);
- xi the persons/authority within the company management approving the transaction/ contract / arrangement;
- xii aggregate value/amount of transactions during the relevant Financial Year for which approval/ omnibus approval is being sought from/ has been given by the Audit Committee;
- xiii confirmation that the maximum value/amount per transaction for which omnibus approval has been given by the Audit Committee is as per the criteria mentioned in this Policy (*applicable in case of review of omnibus approval which has been already granted*);
- xiv any other information relevant or important for the Committee to take a decision on the proposed transaction.



Annexure -2

i) In determining whether to approve a Related Party Transaction, the Audit Committee is to consider inter-alia the following factors to the extent relevant to the Related Party Transaction:

- a. whether the transaction is in the ordinary course of business of the company.
- b. whether the terms of the 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;
- c. whether there are any undue compelling business reasons for the Company to enter into the transaction and the nature of alternative transactions, if any;
- d. whether the transaction would affect the independence of the directors/KMP;
- e. whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- f. where the ratification of the transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company;
- g. whether the Related Party transaction would present an improper conflict of interest for any director or KMP 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 director's, KMP's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.

Additional criteria for granting omnibus approval

- h. The Audit committee shall consider the following factors while making the omnibus approval for the Related Party Transaction:
 - 1) Repetitiveness of the transactions (in past or in future);
 - 2) Justification for the need of omnibus approval;
 - 3) The approval is in the interest of the company;
 - 4) Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a financial year, shall be as follows:
 - i. the maximum value of the transaction, in aggregate, with all related parties taken together, in a financial year, shall not exceed such amount as may be approved by the Audit Committee for each financial year, depending upon the transactions entered into during the previous financial years.
 - 5) the maximum value per transaction which can be allowed shall be as follows:



- i. the maximum value per transaction shall not exceed such amount as may be approved by the Audit committee for each financial year, depending upon the transactions entered into during the previous financial years, and where each invoice shall be considered as a separate transaction.
- 6) the extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval shall be as specified in clause 4.3 (A) (3) of this policy.
- 7) Interval for review of related party transaction entered into by the company pursuant to each of the omnibus approval made shall be:
 - i. The interval as mentioned in clause 4.3 (A) (7) of this policy.
- 8) transactions which cannot be subject to the omnibus approval, by the Audit Committee, shall be:
 - i. transactions as mentioned in clause 4.3 (A) (8) of this policy;
 - ii. Any other transactions as may be specified by applicable laws, time to time.

ii) Criteria for Arm`s length Basis

- a. For any transaction with wholly owned subsidiary company or in cases where vendor is specific and multiple vendors may or may not be available, the transactions shall be considered to be on an arm`s length basis when the same is conducted at consideration and under terms and conditions those apply for transactions with unrelated parties.
- b. for transactions with Related Parties, other than wholly owned subsidiary company, in cases where vendor is not specific and also multiple vendors are available, the transactions shall be considered to be on an arm`s length basis in the following circumstances:
 - I. clear specifications (including, *inter alia*, the quantity and quality) of the transaction are made available by the Company;
 - II. based on the specifications at least two quotations from different vendors (other than Related Parties) have been sought by the Company;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.



Annexure-3

- i. name(s) of the related parties and nature of relationship;
- ii. nature, period/duration of transaction/ contract / arrangement;
 - a) Maximum amount of transaction that can be entered into;
 - b) In case of grant of omnibus approval-
 - the maximum value of the transaction, in aggregate, with all related parties taken together, in a financial year;
 - The maximum value per transaction which can be allowed.
- iii The indicative base price / current contracted price and the formula for Variation in the price, if any;
- iv material/ salient terms of the transaction / contract / arrangement including the value, if any;
- v any advance paid or received for the transaction/ contract / arrangement, if any;
- vi justification for entering into the transaction/ contract / arrangement, in case the transactions/ contract / arrangement are not at arm`s length basis ;
- vii any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

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 (one) crore per transaction.