

**AJCON GLOBAL SERVICES LTD.**  
**CIN: L74140MH1986PLC041941**

**POLICY ON RELATED PARTY TRANSACTION**



## **Introduction:**

### **1. Purpose:**

This Policy has been revised in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI Regulations") read with the provisions of Section 177 and 188 of the Companies Act, 2013 ("the Act") & relevant rules made there under as amended from time to time to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company.

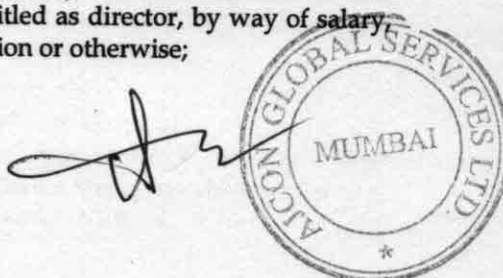
### **2. Definitions:**

Following are the key definitions with respect to Related Party and RPTs as per the Companies Act 2013.

1. '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.
2. '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 purposes of this definition, 'significant influence' means control of at least 20% of the total share capital, or of business decisions under an agreement.
3. 'Body Corporate' or 'Corporation' includes a company incorporated outside India, but does not include;
  - A co-operative society registered under any law relating to co-operative societies; and
  - Any other body corporate (not being a company as defined in this Act), which the Central Government may, by notification, specify in this behalf.
4. 'Chief Executive Officer' means an officer of a company, who has been designated as such by it.
5. 'Chief Financial Officer' means a person appointed as Chief Financial Officer of the company.
6. 'Materially 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 ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.



7. 'Company' means a Ajcon Global Services Ltd.
8. 'Control' shall include 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.
9. 'Holding Company', in relation to one or more other companies, means a company of which such companies are subsidiary companies.
10. 'Interested Director' means a director who is in any way, whether by himself or through any of his relatives or firm, body corporate or other association of individuals, in which he or any of his relatives is a partner, director or a member, interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into by or on behalf of a company.
11. 'Key Managerial Personnel', in relation to company, means -
- the Chief Executive Officer or the managing director or the manager;
  - the whole-time director;
  - the Chief Financial Officer;
  - the Company Secretary; and
  - such other officer as may be prescribed
12. 'Managing Director' means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of Management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.
13. Net Worth' means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write back of depreciation and amalgamation.
14. 'Office or place of profit' means any office or place -
- Where such office or place is held by a director, if the director holding it receives from the company anything by the way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, any rent free accommodation or otherwise;



- 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 the way of remuneration, salary, fee, commission, perquisites, any rent free accommodation or otherwise.

14. "Related party", with reference to a company, means—

- a director or his relative;
- A key managerial personnel or his relative;
- A firm, in which a director, manager or his relative is a partner;
- A private company in which a director or manager or his relative is a member or director;
- A public company in which a director or manager is a director AND holds along with his relatives, more than 2% of its paid-up share capital;
- 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;
- Any person on whose advice, directions or instructions a director or manager is accustomed to act;
- Any company which is—

- Holding, subsidiary or an associate company of such company; or
- Subsidiary of a holding company to which it is also a subsidiary;

ix. A director (other than an independent director) or key managerial personnel of the holding company or his relative.

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

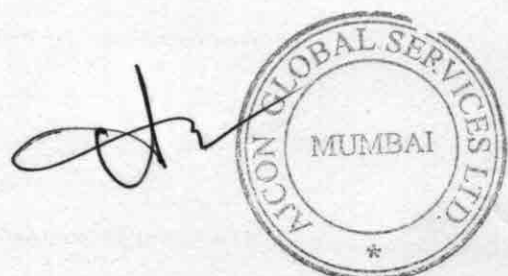
16. "Relative", with reference to any person, means anyone who is related to another, if—

- They are members of a Hindu Undivided Family;
- They are husband and wife; or
- One person is related to the other in such manner as may be prescribed

Rule 4 of the Definition Rules have prescribed the following persons who shall be deemed to be the relative of another, if he or she is related to another in the following manner;

Father: term "Father" includes step-father;

Mother: term "Mother" includes the step-mother;



Son: term "Son" includes the step-son;

Son's wife;

Daughter;

Daughter's husband;

Brother: term "Brother" includes the step-brother;

Sister: term "Sister" includes the step-sister

17. 'Subsidiary Company' or 'Subsidiary', in relation to any other company (that is to say the holding company), means a company in which the holding company -

- i. Controls the composition of the Board of Directors; or
- ii. Exercise or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies;

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation: For the purposes of this clause -

- A company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- The composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- The expression 'company' includes anybody corporate;
- 'layer' in relation to a holding company means its subsidiary or subsidiaries.

18. Turnover' means the aggregate value of the realization of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the company during a financial year.

19. 'Whole-time director' includes a director in the whole-time employment of the company.





### 3. PROCESS FOR IDENTIFICATION OF RELATED PARTY TRANSACTIONS.

Each director and Key Managerial Personal is responsible for providing notice to the Board or Audit Committee regarding persons and entities to be considered as "related Party" by virtue of his/her being Director/KMP in the entity or holding certain shareholding percentage. Such notice shall be provided 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.

### 4. 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 report the same for approval of the Board and shareholders, if required, in accordance with this policy.

### 5. Approval of Audit Committee

5.1 All Related Party Transactions shall require prior approval of the Audit Committee either at a meeting or by resolutions by circulations. Any member of the committee who has potential interest in any related party transaction will abstain from discussion and voting on the approval of the related party transaction.

5.2 Audit Committee shall have all rights to call for information/documents in order to understand the scope of the proposed related party transactions.

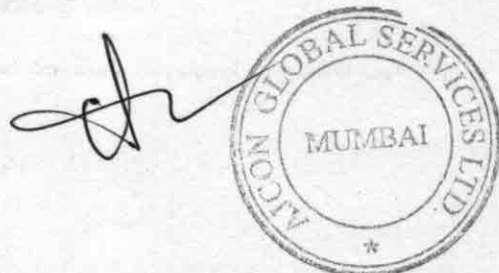
5.3 The Audit Committee may grant omnibus approval for the proposed Related Party Transaction subject to the following conditions:

a. The Audit Committee shall, lay down the criteria for granting omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;

b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;

c. Such omnibus approval shall specify the following:

- Name(s) of the Related Party;
- Nature of the transaction;
- Period of transaction;
- Maximum amount of transaction that can be entered into;



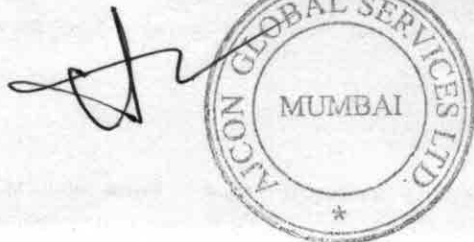
- The indicative base price/current contracted price and the formula for variation in the price, if any, and;
- Such other conditions as the Audit Committee may deem fit.
- d. In such cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction;
- e. 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 given;
- f. Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.
- g. Omnibus approval shall not be made for transaction in respect of selling or disposing of the undertaking of the Company.

## **6. Approval of Board of Directors**

- 6.1 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 the Board to approve a Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.
- 6.2 All the related party transactions prescribed under Section 188 of the Act, which are not in the ordinary course of business or not at Arm's Length Basis and all material related party transactions shall be brought before the Board and the Board shall consider and approve the related party transaction at a meeting.
- 6.3 Any member of the Board who is interested or has potential interest (as mentioned under section 184(2) of the Act), in any related party transaction shall not be present at the meeting during discussions on the subject matter of the resolution relating to such related party transaction.

## **7. Approval of Shareholders**

- 7.1 All the Material Related Party Transactions shall require approval of the shareholders through Ordinary Resolution. All Related Parties shall abstain from voting on such resolution irrespective of whether the entity is a party to a particular transaction or not.
- 7.2 All the Transactions, other than the Material Related Party Transaction, with the related parties which are not in the Ordinary Course of Business and at Arms'



Length shall, subject to the limits mentioned in Rules 15(3) of the Companies (Meeting of Board and its Power) Rules, 2014, also require the approval of the shareholders through Ordinary Resolution and the Related Parties shall abstain from voting on such resolution

**Materiality Threshold:**

Transactions that, require previous approval of Shareholders of the Company, as prescribed under rule 15(3) of the Companies (Meeting of Board and its Powers ) Rules, 2014 and Listing , includes the transactions/ contracts/ arrangements as follows :

A transaction with the Related Party shall be treated as "Material" if any transaction / transactions to be entered into individually or taken together with previous transactions during a financial year:

- a) Exceeds the limits specified in Sub-rule (3) of Rule 15 of the Companies (Meetings of Board and its Powers) Rules 2014 of the Companies Act, 2013 as amended from time to time and which are not in the Ordinary Course of Business and are not at Arm's Length Principle; or
- b) Exceeds 10% of the annual consolidated turnover of the company as per the last audited financial statements of the company.

**8. Transaction not requiring approval of Audit Committee, Board or Shareholders**

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

- i. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including 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.

**9. Transaction not requiring approval of Board or Shareholders**

9.1 Pursuant to clarification provided in circular No.30/2014 dated 17th July, 2014 of Ministry of Corporate Affairs, Contracts entered into by companies, after making necessary compliances under Section 297 of the Companies Act, 1956, which already came into effect before the commencement of Section 188 of the Companies Act, 2013, will not require fresh approval under the said section 188 till the expiry of the original term of such contracts. Thus, if any modification in such contract is made on or after 1st April, 2014, the requirements under section 188 will have to be complied with

**10. Criteria for approval of a Related Party Transaction by the Board / Audit Committee:**





10.1 To review a Related Party Transaction, the Board / Audit 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. The information provided shall specifically cover the following:

- i. the name of the related party and nature of relationship;
- ii. the nature, duration of the contract and particulars of the contract or arrangement;
- iii. the material terms of the contract or arrangement including the value, if any;
- iv. any advance paid or received for the contract or arrangement, if any;
- v. the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- vi. 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;
- vii. the persons/authority approving the transaction; and
- viii. any other information relevant or important for the Committee to take a decision on the proposed transaction.

10.2 In determining whether to approve a Related Party Transaction, the Board/ Audit Committee shall consider the following factors, amongst others, to the extent relevant to the Related Party Transaction:-

- i. Whether the transaction is in the ordinary course of business of the company.
- ii. 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;
- iii. Whether there are any undue compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- iv. Whether the Related Party Transaction would affect the independence of the directors/KMP;
- v. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- vi. Where the ratification of the Related Party 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; and vii. 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.

#### **11. Disclosures:**

11.1 Every material RPT or RPT which is not on Arm's Length basis shall be disclosed in the Directors Report with proper justification for entering into such transactions.

11.2 Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

11.3 The company shall disclose the policy on dealing with RPTs on its website and a web link thereto shall be provided in the Annual Report.

11.4 A register of RPTs shall be maintained as per the Act and placed before the next Board Meeting and signed by all the directors present at the Meeting.

#### **12. Ratification:**

12.1 Any Related Party Transaction entered into without obtaining the prior approval of the Audit/ Board/ Shareholders(respective authority/ies) may be ratified, subject to the applicable provisions of the Companies Act, 2013 and the Listing Regulation , if post review of the said transaction / contract, the appropriate authority is satisfied, that the said Related Party Transaction is not detrimental to the interest of the Company, however, the appropriate authority may also ratify such transaction or contracts, with or without the modification(s).

12.2 Where any contract or arrangement is entered into, without obtaining the consent of the Audit Committee, Board or approval by a Ordinary Resolution in the General Meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contractor arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board

12.3 If the appropriate authority decides, not to approve a particular transaction, it may require the Related Party to reimburse the benefits which might have accrued to it and/ or indemnify the Company with regard to the subject Related Party Transaction which is not approved by the appropriate authority.

12.4 However the Related Party transaction which are entered into without the approval of the appropriate authority and subsequently not ratified by the appropriate authority, the applicable provisions of the Companies Act, 2013 and Listing Regulations, shall apply.

#### **13 Amendments to the Policy:**

13.1 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 would be 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.



13.2 In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent 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 will be communicated to all operational employees and other concerned persons of the Company and shall be placed on the website of the company at [www.ajcononline.com](http://www.ajcononline.com)