

ASSOCIATED ALCOHOLS & BREWERIES LIMITED

**Regd Office: 106A Shyam Bazar Street, Kolkata – 700005
(CIN: L15520WB1989PLC047211)**

I. TITLE:

This Policy shall be called '**Policy on Materiality of and on Dealing with Related Party Transactions**'.

II. PURPOSE:

This policy is intended to ensure the proper approval and reporting of transactions between the Company and its related parties.

The Board has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions in compliance with the requirements of Section 188 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges in India.

III. DEFINITIONS:

For the purpose of this policy following are the definitions:

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 (according to Sec. 188 of the Companies Act, 2013)
2. **"Audit Committee" or "Committee"** means the audit committee constituted by the Board of Directors of the Company in accordance with applicable law, including the listing agreement and the Companies Act, 2013.
3. **"Board"** means the Board of Directors of Associated Alcohols & Breweries Limited.
4. **"Company"** means Associated Alcohols & Breweries Limited.
5. **"Material Related Party Transaction"** means a transaction/transactions with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds ten (10) percent of the consolidated annual turnover of the Company as per the last audited financial statements of the Company.
6. **"Policy"** means this Policy, as amended from time to time.
7. **"Related Party"** means a related party as defined under the Companies Act, 2013 or rules made thereunder and Clause 49 of the Listing Agreement as amended from time to time.
8. **"Related Party Transactions"** shall mean such transactions as specified under Section 188 of the Act or rules made there under and Clause 49(VII)(A) of the Listing Agreement including any amendment or modification thereof, as may be applicable.
9. **"Relative"** means a relative as defined under the Companies Act, 2013, Clause 49 of the Listing Agreement and applicable accounting standards.
10. **"Transaction"** with a related party shall be construed to include a single transaction or a group of transactions.

Corporate Office: 4th Floor, BPK Star Tower, A.B. Road Indore -452008

ASSOCIATED ALCOHOLS & BREWERIES LIMITED

**Regd Office: 106A Shyam Bazar Street, Kolkata – 700005
(CIN: L15520WB1989PLC047211)**

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, applicable accounting standards or any other applicable law or regulation.

IV. IDENTIFICATION OF RELATED PARTIES & TRANSACTIONS:

1. Every Director and Key Managerial Personnel will be responsible for providing a declaration containing the information as per the Companies Act, 2013 and Clause 49 of the Listing Agreement and as may be requested by the Company to the Company Secretary on an annual basis and whenever there is a change in the information provided.

2. Every Director, Key Managerial Personnel, Vice- Presidents, General Managers, officers authorized to enter into contracts/ arrangements will be responsible for providing prior Notice to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Board / Committee may request, for being placed before the Committee and the Board.

Besides the above, the Company will also identify other Related Parties as required under the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Any transaction by the company with a Related Party will be regulated as per this Policy.

V. APPROVAL RELATED PARTY TRANSACTIONS OF:

1. All Related Party Transactions excluding transactions entered with wholly owned Subsidiary if any, whose accounts are consolidated and placed before the shareholders at the general meeting for approval, shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or any other manner as provided by the Act or Rules made thereunder.

2. Where the Company enters into a contract / transactions with a related party, which stipulates details of every transaction like nature of the transaction, period of transaction, contract price or methodology of price determination, maximum amount of transaction, credit terms etc., prior approval once given by the Audit Committee would suffice and Audit Committee would only note the transactions that are entered into and will not require any additional approval of the Audit Committee.

3. Subject to the following conditions, the Audit Committee may grant omnibus approval for the proposed Related Party Transaction other than transactions exempted above in

serial no. 1:

Corporate Office: 4th Floor, BPK Star Tower, A.B. Road Indore -452008

ASSOCIATED ALCOHOLS & BREWERIES LIMITED

**Regd Office: 106A Shyam Bazar Street, Kolkata – 700005
(CIN: L15520WB1989PLC047211)**

- 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.

3.1 In cases where the need for Related Party Transaction cannot be foreseen and details as required above in serial no. 2 are not available, the Audit Committee may grant omnibus approval for such transactions other than transactions exempted in serial no. 1 above, subject to their value not exceeding Rupees One Crore per transaction.

3.2 Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year. However, the Committee may review, on a quarterly basis, the details of Related Party Transactions entered into by the company pursuant to each of the omnibus approval given.

3.3 A member of the Committee, who has a potential interest in any Related Party Transaction, shall not be present during the discussion of the respective agenda at the meeting where such Related Party Transaction is considered.

4. The Board would approve such Related Party Transactions as are required to be approved under Companies Act, 2013 and/or Listing Agreement and/or transactions referred to it by the Audit Committee.

5. Where any director is interested in any Related Party Transaction, such director shall not be present during the discussion of the respective agenda at the meeting where such Related Party Transaction is considered.

6. To review a Related Party Transaction, the Board/ Audit Committee will be provided with all the relevant information pertaining to the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and any other matter, as may be required. In determining whether approval

Corporate Office: 4th Floor, BPK Star Tower, A.B. Road Indore -452008

ASSOCIATED ALCOHOLS & BREWERIES LIMITED

**Regd Office: 106A Shyam Bazar Street, Kolkata – 700005
(CIN: L15520WB1989PLC047211)**

needs to be accorded to a Related Party Transaction, the Board/ Audit Committee will consider the following factors:

- Whether the terms of the Related Party Transaction are fair to the Company and would apply on the same basis as if the transaction did not involve a Related Party;
- 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;
- Whether the Related Party Transaction would impair the independence of an otherwise Independent Director;
- Whether the Related Party Transaction would present a conflict of interest for any Director, or Key Managerial Person (KMP) of the Company, taking into account the size of the transaction, the overall interest of the Director, KMP 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 Board/ Audit Committee deem fit to consider.

7. Further, 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).

8. All Related Party Transactions pursuant to section 188 of the Companies Act, 2013 which are not in the ordinary course of business and / or not an Arms' length basis and which crosses the threshold limits prescribed under Companies Act, 2013, shall also require the approval of shareholders of the Company through special resolution and the Related Parties with whom transactions are being entered shall abstain from voting on such resolution(s).

9. In case the shareholders decide not to approve a Related Party Transaction, the Board/Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable to shareholders for approval.

Corporate Office: 4th Floor, BPK Star Tower, A.B. Road Indore -452008

ASSOCIATED ALCOHOLS & BREWERIES LIMITED

**Regd Office: 106A Shyam Bazar Street, Kolkata – 700005
(CIN: L15520WB1989PLC047211)**

VI. Disclosure and Reporting of Related Party Transactions:

Disclosure of Related Party Transaction shall be made as per the listing agreement and Companies Act, 2013. Every Related Party Transaction / contracts or arrangements that are:- (i.) material or (ii.) not at arm's length basis and/ or ordinary course of business, shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction as per the requirement of the Companies Act, 2013.

VII. Amendments:

The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendation(s) of Audit Committee. The Board may also establish further rules and procedures, from time to time, to give effect to this Policy.

VIII. Scope / Limitation:

In the event of any conflict between the provisions of this Policy and of the Listing Agreement / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Agreement / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

IX. Dissemination of Policy:

This Policy shall be disseminated to all functional and operational heads and other concerned persons of the Company and shall be hosted on the intra-net and website of the Company and web link thereto shall be provided in the annual report of the Company.