

THE ANUP ENGINEERING LIMITED

(Formerly Known as ANVESHAN HEAVY ENGINEERING LIMITED)

RELATED PARTY TRANSACTIONS POLICY

1 INTRODUCTION

The Board of Directors (the “Board”) of **The Anup Engineering Limited** (Formerly known as Anveshan Heavy Engineering Limited) (the “Company”) has upon the recommendation of the Audit Committee, adopted the following policy with regard to Related Party Transactions (hereinafter referred to as the ‘RPT Policy’ or ‘Policy’), in line with the requirements of Section 188 of Companies Act, 2013 read with Rules made thereunder (hereinafter referred to as ‘the Act’) and Regulation 23 of the Listing Regulations on Related Party Transactions and other applicable Regulations (hereinafter referred to as ‘Listing Regulations’).

2 PURPOSE

The objective of this policy is to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders. This Policy deals with materiality threshold, process of identification, disclosures and the manner of dealing Transactions with Related Party by the Company keeping in view the provisions of the Act read with the rules made thereunder and Listing Regulations.

3 APPLICABILITY AND GOVERNING LAW

The RPT Policy will be applicable to the Company with respect to all Transactions with Related Party including changes, if any, in related parties from time to time.

4 KEY DEFINITIONS

“**Arm’s Length Transaction**” means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

“**Audit Committee**” means Committee of Board of Directors of the Company constituted under provisions of Listing Regulations and Section 177 of the Act.

“**Board of Directors**” or “**Board**” in relation to the Company means the collective body of the directors of The Anup Engineering Limited (Formerly known as Anveshan Heavy Engineering Limited).

“**Company**” mean The Anup Engineering Limited (Formerly known as Anveshan Heavy Engineering Limited).

Key Managerial Personnel (KMP) in relation to the Company means

- i. the Chief Executive Officer, or the Managing Director or the Manager;
- ii. the Company Secretary;
- iii. the Whole-time director;
- iv. Chief Financial Officer; and
- v. such other officer as may be prescribed.

“**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 **exceed ten percent of the annual consolidated turnover** of the company as per the last audited financial statements of the company.

“**Related Party**” with reference to the Company means a related party as defined under the Act or rules made thereunder and Listing Regulations as amended from time to time.

“Related Party Transaction” means

- for the purpose of the Act, specified transaction mentioned in clause (a) to (g) of sub-section 1 of Section 188;
- for the purpose of Listing Regulations, any transaction 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.

“Relatives” with reference to any person shall have the meaning as defined in Section 2(77) of the Companies Act, 2013 read with clause 4 of The Companies (Specification of definition details) Rules, 2014.

A **"transaction"** with a related party shall be construed to include single transaction or a group of transactions in a contract."

Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

5 POLICY ON RELATED PARTY TRANSACTIONS

All transactions with related party (before being entered into) must be reported to the Audit Committee for its approval in accordance with this Policy. The Audit Committee periodically shall review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate.

5.1 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 RPT involving him/her or his/her relative, including any additional information about the transaction that the Board or Audit Committee may request. The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a RPT requiring compliance with this Policy. The Company strongly prefers to receive such notice of any potential transactions with Related Party well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

5.1.1 Procedure for identification of potential related parties

- Once a year, declarations will be obtained by the Company Secretary (CS)(or Compliance Officer as the case may be) from the Directors and KMP and other related parties within the meaning of Section 2(76), 184 and 189 of the Act and Listing Regulations in the prescribed format.
- The declarations will also be required to be updated by the Directors and KMP regularly immediately upon a change taking place.
- Any individual appointed/elected as a director or KMP shall be responsible to promptly complete and submit to the CS, the disclosure declaration referred to above.
- The CS shall, in every board meeting, place before the Board an up-to date list of the related parties of the Company.

5.2 Approval of Related Party Transactions

5.2.1 Prior approval of Audit Committee

All Transactions with Related Party of the Company as prescribed under the Act and Listing Regulations shall require prior approval of Audit Committee, whether at a meeting or by Resolution by circulation. However, the Audit Committee may grant omnibus approval for such Transactions proposed to be entered into by the Company subject to the following conditions:-

1. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on RPTs of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
2. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
3. Such omnibus approval shall specify the following:
 - i. the name/s of the related party
 - ii. nature of transaction,
 - iii. period of transaction,
 - iv. maximum amount of transaction that can be entered into,
 - v. the indicative base price / current contracted price and the formula for variation in the price if any and;
 - vi. such other conditions as the Audit Committee may deem fit;
 - vii. Provided that where the need for RPT 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.
4. In case where RPT as defined under that Act are not in ordinary course of business or not on arm's length basis or both, such RPT will also require prior approval of Board of Directors of the Company.
5. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year. Any member of the Audit Committee who has a potential interest in any RPT will abstain from discussion and voting on the approval of the RPT.

5.2.2 Prior approval of Board of Directors under the Act

RPTs within the scope of Section 188 of the Act, which are either not in the Ordinary Course of Business or are not at Arms' Length shall require prior approval of the Board of Directors. In the above context, where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement, and shall also not vote on such resolution.

5.2.3 Shareholders' approval requirements

Shareholder's approval shall be sought in the following cases as per the requirements of the Act:

- RPTs covered within the scope of Section 188 of the Act; which are either not in the 'Ordinary Course of Business' or are not on an 'Arm's Length Basis' and exceed the threshold prescribed under the rules made thereunder, shall require prior approval of the shareholders through special resolution.
- No member of the Company shall vote in a special resolution where a related party contract or arrangement is being considered if such a member is a related party in the context of the contract or arrangement which is being considered.

Shareholder's approval shall be sought in the following cases as per the requirements of Listing Regulations:

- All Material RPTs covered within the scope of Regulation 23 of Listing Regulations shall require approval of the shareholders through special resolution. For this purpose, all entities falling under the definition of related parties (as defined under Listing Regulations) shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

However, the above shall not be applicable to transactions between The Anup Engineering Limited (Formerly known as Anveshan Heavy Engineering Limited) and its wholly owned subsidiary whose accounts are consolidated with The Anup Engineering Limited (Formerly known as Anveshan Heavy Engineering Limited) and placed before the shareholders at the general meeting for approval and such other transactions as may be exempted by Listing Regulations, if not covered under the Act.

5.2.4 Related party transactions not approved under this policy

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

In any case, where the Audit Committee determines not to ratify such Transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc.

5.3 Disclosures

- Disclosures with respect to Transactions with Related Party shall be made as per applicable provisions of the Act and Listing Regulations.
- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- This policy shall also be uploaded on the website of the Company at www.anupengg.com and a weblink thereto shall be provided in the Annual Report of the Company.

5.4 Scope Limitation

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