



ANIRIT VENTURES LIMITED
(formerly Flora Textiles Limited)

**POLICY ON RELATED PARTY
TRANSACTION**

1. Introduction

- 1.1 The Board of Directors (**the “Board”**) of Anirit Ventures Limited (**“the Company”**) has adopted the following Policy and procedure with regard to Related Party Transactions. The Policy envisages the procedure governing Related Party Transactions required to be followed by Company to ensure compliance with the applicable laws and regulations. The Audit Committee will review the same from time to time and propose the amendment required in the Policy to the Board of Directors if any, shall be considered by the Board based on the recommendations of the Audit Committee.
- 1.2 This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

2. Objective

- 2.1 This Policy is intended as follows:
- a) To ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time;
 - b) To ensure high standards of corporate governance while dealing with related parties.
- 2.2 The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

3. Scope

The principles and obligations outlined in this Policy apply to all the members of AESL’s Board of Directors and Key Managerial Personnel and their relatives.

4. Definitions and Abbreviations

“Audit Committee or Committee” means Committee of Board of Directors of the Company constituted in accordance with the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for audit related purpose.

“Board” means Board of Directors of the Company

“Related Party Transaction” A related party transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

“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, exceeds the thresholds as specified under Schedule XII of SEBI (Listing Obligation and Disclosure) regulations 2015.

"Material Modifications" means and includes any modification to an existing Related Party Transaction having a variance of 20% (twenty percent) based on the variance/modifications carried out in the transactions by the Company during the year of the existing limit as sanctioned by the Audit Committee / Board of Directors / Shareholders of the Company.

"Related Party" means related party as defined in Companies act, 2013 and Regulation 2(1) (zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

"Relative" means relative as defined under the Section 2(77) of the Companies Act, 2013 as amended from time to time and includes anyone who is related to another, if –

- i. They are members of a Hindu undivided family;
- ii. They are husband and wife; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son's wife
- vii. Daughter
- viii. Daughter's husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

"Key Managerial Personnel" mean key managerial personnel as defined under Section 2(51) of the Companies Act, 2013 and includes

- Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director;
- Company Secretary; and
- Chief Financial Officer

"Control" as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 includes 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 which includes (a) ownership, directly or indirectly, of more than one half of the voting power of an enterprise, and (b) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.

Provided that a director or officer of a company shall not be considered to be in control over such target company, merely by virtue of holding such position."

"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.

"Significant Influence" means control of at least twenty per cent of total share capital, or of business decisions under an agreement.

"Joint Venture" means a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

“Arms’ 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.

“Ordinary Course of Business” means a related party transaction in the ‘Ordinary Course of Business’ if it satisfies any of the following conditions:

- a) covered under the object clause of the Memorandum of Association of the Company
- b) repetitive / frequent in nature
- c) common in a particular industry
- d) in furtherance of the business objects and / or business purposes of the Company.

The above list is not exhaustive, and the Company will assess each transaction basis its type and nature

“Transaction” with a Related Party shall be construed to include single transaction or a group of transactions entered into under a single contract.

Any word / term used in the Policy and not defined herein shall have the same meaning ascribed to it in the Act or Rules made thereunder, Listing Regulations, Indian Accounting Standards or any other relevant legislation/law applicable to the Company.

5. Responsibilities

The Chief Financial Officer shall be responsible for identification and reporting of all related party transaction and getting approval from the Audit Committee and the Board.

6. Policy and Procedures

Every Director and Key Managerial Personnel (‘KMP’) of the Company and the subsidiaries shall, at the time of appointment, annually and whenever there is any change in the information already submitted, provide the requisite information about his or her relatives and all persons, firms, entities, bodies corporate in which he / she is interested, whether directly or indirectly, to the Company Secretary of the Company or of their respective subsidiary. Every such director and KMP shall also provide any additional information about the transaction that the Board /Audit Committee may reasonably request.

6.1 Identification of Related Parties

The Company shall adhere to its Standard Operating Procedures (‘SOPs’) for identifying Related Party Transactions by the Company including all the subsidiaries of the Company while dealing with the Related Party Transactions.

The Company shall periodically identify and update the list of related parties as prescribed under the Act read with the Rules framed there under, the Listing Regulations and as per applicable provisions of the Accounting Standards, as amended from time to time.

6.2 Evaluation of Related Party Transactions

The Company and its subsidiaries shall identify related party transactions on an ongoing basis. The Potential transactions with any of the Related Parties as per the consolidated list shall be submitted for requisite approval by the management. A proposal with details as required under the provisions of the Act or Listing Regulations including any circular issued in this regard shall be submitted for review in relation to the proposed transaction.

The Company shall also determine whether the transaction(s) is in the ordinary course of business and on an arm's length basis and for this purpose, the Company may seek external expert opinion, if necessary.

In case there are any material related party transaction or subsequent modification to the existing related party transaction undertaken by the Company including the subsidiaries, then details of such transaction / modification shall be provided by the management of the Company including the subsidiaries of the Company on a quarterly basis for requisite approval by the Audit Committee / Board / Shareholder's, as the case may be.

6.3 Review and Approval of RPTs

i. Audit Committee

All RPTs between the Company and its related parties, and any modifications therein, shall require prior approval of the Audit Committee. Only Independent Directors who are members of the Audit Committee shall approve Related Party Transactions.

A related party transaction to which the Subsidiary of the Company is a party, but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds the threshold specified in Listing Regulations.

To review a Related Party Transaction, the Audit Committee shall be provided with all the information/documents for the proposed Related Party Transaction as required under the Act and Listing Regulations. On review of a Related Party Transaction basis the information provided, Audit Committee shall approve or disapprove a Related Party Transaction.

However, the Audit Committee may grant omnibus approval for RPTs proposed to be entered the company or its subsidiary(ies) subject to the following conditions:

1. The Omnibus Approval shall be in respect of transactions which are repetitive in nature and based on the conditions as elaborated in the Act and Listing Regulations.
2. 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. The omnibus approval shall be within the criteria as approved by the Audit Committee.
3. The Audit Committee shall satisfy itself the need for such omnibus approval and that such omnibus approval shall specify the following:
 - a. the name(s) of the related party
 - b. nature of transaction,
 - c. period of transaction,
 - d. maximum amount of transaction that can be entered into,

- e. the indicative base price / current contracted price and the formula for variation in the price if any and;
- f. such other disclosures as required under Listing Regulations and such other conditions as the Audit Committee may deem fit;

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 crore per transaction.

- 4. The Audit Committee shall review, at least on a quarterly basis, the details of the Related Party Transactions entered into by the Company or its subsidiary(ies) pursuant to each of the omnibus approval given.
- 5. Such omnibus approvals shall be valid for a period of one financial year and shall require fresh approvals after the expiry of the financial year.
- 6. In case the Audit Committee does not approve any transaction, it shall make its recommendations on such Related Party Transactions to the Board.

In determining whether to approve a RPT, the Audit Committee will consider the following factors, among others, to the extent relevant to the RPT:

- i. Whether the terms and conditions of the RPT are fair and on arm's length basis to the Company;
- ii. Whether there are any compelling business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any;
- iii. Whether the RPTs are entered in the past;
- iv. Whether the nature of the proposed transaction is something that the Company would have ordinarily done in the course of its business;
- 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. Whether the Related Party Transaction would affect the independence of an independent director
- vii. Whether the Related Party Transaction would amount to a conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, nature of direct or indirect interest of directors, Key Managerial Personnel in the transaction and such other aspects as may be deemed relevant to the Committee.
- viii. If the Committee determines that a Related Party Transaction should be brought before the Board or if the Board itself elects to review any such matter or it is mandatory under any law for the Board to approve such Related Party Transaction, then the criteria set out above shall also apply to the Board's review and approval of the matter with such modifications as may be necessary or appropriate under the circumstances.

- ix. Any other factor the Audit Committee deems relevant for reviewing and approving such RPT.

Any Member of the Audit Committee who is directly or indirectly interested in any Related Party Transaction shall recuse himself / herself and abstain from participating in the discussion and voting on the approval of such Related Party Transaction.

ii. Board of Directors

The Board shall consider and approve the RPT as required to be approved under the Act or rules made thereunder and/or Listing Regulations and/or transactions referred to it by the Audit Committee.

To review a Related Party Transaction, the Board shall be provided with all relevant material information of the Related Party Transaction as required under the Act or Listing Regulations.

Any Member of the Board who is directly or indirectly interested in any Related Party Transaction shall recuse himself/herself and abstain from participating in the discussion and voting on the approval of such Related Party Transaction.

iii. Shareholders' Approval

All the Material RPTs and subsequent modifications thereto, if any, shall require prior approval of the shareholders (unless exempted pursuant to Listing Regulations and Act). No related party shall vote to approve such resolution irrespective of whether the entity is a party to a particular transaction or not. The transactions which fall under Section 188 of the Act which are not in the ordinary course of business and / or not an Arms' length basis and which exceeds the threshold limits prescribed under the rules made thereunder, shall require prior approval of the shareholders.

Transactions which do not require approval of Audit Committee and Shareholders

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

- (a) Transactions entered by the Company with wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- (b) Transactions between two wholly owned subsidiaries of the Company whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- (c) Transactions related to the payment of remuneration and sitting fees by the Company or any of its subsidiaries to its directors, key managerial personnel, or senior management, excluding those who are part of the promoter or promoter group, provided such transactions are not material.
- (d) Transactions or arrangements exempted under the Act and/or Listing Regulations.

7. Criteria for granting omnibus approval

7.1 The criteria for granting omnibus approval for the related party transactions is as follows:

- a. The Audit Committee shall, subject to requisite approvals and any applicable prescribed limits, establish the maximum aggregate transaction value permitted under the omnibus route for a given year, as well as the maximum value allowed per individual transaction.
- b. While assessing any proposal, the Audit Committee may review the documents / seek information from Management of the Company, or get clarification or opinion as per paragraph 7.2.
- c. Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval shall be in accordance with the Related Party Transactions Policy & Standard Operating Process.
- d. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered by the Company or its subsidiary pursuant to each omnibus approval given.
- e. Transactions which cannot be subject to the omnibus approval by the Audit Committee and for which specific approval will have to be taken:
 - i. Transactions in respect of selling or disposing of the undertaking of the Company;
 - ii. Transactions which are not repetitive in nature;
 - iii. Transactions which are not at arm's length or not in the ordinary course of Business;
 - iv. Transactions exceeding materiality thresholds as specified under the Act / Listing Regulations;
 - v. Transactions which exceed the Omnibus criteria mentioned herein above.

7.2 For the purpose of procuring approval of the Audit Committee or the Board (as the case may be), the Management shall submit a proposal for approval of the RPTs, containing the following information for the transaction above One (1) crore namely.:

- a. Name of the Related Party and nature of relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise).
- b. Nature, tenure of the transaction and details of the transaction.
- c. Material terms of the transaction including the value.
- d. The percentage of the Company's annual consolidated turnover for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided).
- e. If the transaction relates to any loan, inter-corporate deposit, advances or investment, made or given by the Company or its subsidiary:
 - i. details of the source of funds in connection with the proposed transaction;

- ii. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments:
 - nature of indebtedness
 - cost of funds; and
 - tenure
- iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured (if secured, the nature of security); and
- iv. the purpose for which the funds will be utilized.
 - f. Justification as to why the transaction is in the interest of the Company.
 - g. A copy of the valuation or other external party report, if any such report has been relied upon.

7.3 Provided that the omnibus approval granted by the shareholders for material related party transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Companies Act, 2013 or rules, notifications, or circulars issued thereunder from time to time:

7.4 Provided further that in case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.]

8. Disclosures

The Company shall ensure that all the relevant disclosures as required under the Act or Listing Regulations are provided for the approval of Audit Committee or Board or Shareholders, as the case may be.

The Company shall submit to the Stock Exchanges the disclosures of Related Party Transactions in such format and within such time as required under Listing Regulations

Various business heads, department heads or any person authorized to enter into any transaction on behalf of the Company shall not undertake any transaction with Related Party unless they confirm that the transaction has prior approval of the Audit Committee and that the transaction is both in the ordinary course of business and on an Arm's length basis. Any transaction not meeting the required criteria mentioned above should be brought to the notice of the Secretarial Department, Accounts Department and the CFO for seeking the requisite approvals.

9. Transactions not approved under this policy

In the event the Company becomes aware of a Related Party Transaction that has not been approved or has exceeded the approved limit, the transaction shall be placed before the Audit Committee within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, for the ratification. The members of the Audit Committee, who are independent directors, may ratify the related party transactions, subject to the following conditions:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii) the transaction is not material;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions with the Stock Exchanges;
- (v) any other condition as specified by the Audit Committee.
- (v) Provided that failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

10. Dissemination of Policy

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the website of the Company and web link thereto shall be provided in the annual report of the Company.

11. Review/Amendment(S)

The Board of Directors may review or amend this policy, in whole or in part, from time to time, within such period as mandated by any regulatory amendments, after considering the recommendations from the Audit Committee.

12. Interpretation

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