

Amal Ltd

**Policy on dealing with Related Party Transactions
(Effective April 1, 2014)**

POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

1. Preamble

The Board of Directors (“the Board”) of Amal Ltd (“the Company”) has adopted the following Policy for the Related Party Transactions (“RPTs”) pursuant to the provisions of Memorandum and Articles of Association of the Company, Sections 177, 188 and other applicable provisions of the Companies Act, 2013 (“the Act”) and Rules framed thereunder and the Clause 49 of the Equity Listing Agreement issued by the Securities and Exchange Board of India (SEBI)¹. The Board has considered the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions (“RPT”).

2. Purpose

This Policy is framed to ensure the proper identification, approval, monitoring and reporting of transactions between the Company and its Related Parties. Normally the Company enters into transactions with the Related Parties in the normal course of business and on arm’s length basis. However in exceptional cases, if the transactions are either not in the normal course of business or not on arm’s length basis, they can still be entered into by the Company subject to this policy document.

Such transactions are appropriate only if they are in the best interest of the Company and its Shareholders.

3. Applicable Laws

This policy is subject to the provisions of:

- A) the Companies Act, 2013 and the Rules | Regulations made thereunder
- B) clause 49 of the Equity Listing Agreement
- C) any other law as may apply from time to time

4. Definitions

- a. **“Audit Committee or Committee”** means “Audit Committee” constituted by the Board of Directors of the Company from time to time under the provisions of the Act and the Listing Agreement with the Stock Exchanges.

¹ For complete text of the Clause 49, please visit www.sebi.gov.in

- b. **“Board of Directors”** means the “Board of Directors” of Amal Limited.
- c. **“Company”** means Amal Limited.
- d. **“Key Managerial Personnel”** or KMP means key managerial personnel as defined under the Act, 2013 and includes:-
 - I. Managing Director (MD), or Chief Executive Officer (CEO) or Manager and in their absence, a Whole-Time Director (WTD);
 - II. Company Secretary (CS); and
 - III. Chief Financial Officer (CFO)
 - IV. Such other officer as may be prescribed
- e. **“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.
- f. **“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 10 percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.
- g. **“Ordinary course of business”** would include usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities which the Company can undertake as per Memorandum & Articles of Association.
- h. **“Policy”** means policy on materiality of RPTs and also on dealing with RPTs, as amended from time to time.
- i. **“Related Party”** means a related party as defined under the Act or rules made thereunder and Clause 49 of the Listing Agreement as amended from time to time.
- j. **“Related Party Transaction”** means such transactions as specified under Section 188 of the Act or rules made thereunder and Clause 49(VII)(A) of the Listing Agreement including any amendment or modification thereof, as may be applicable.
- k. **“Relative”** means a relative as defined under the Act and Clause 49 of the Listing Agreement.

1. **“Company Secretary (CS)”** means a Company Secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 who is appointed by the Company to perform the functions of a Company Secretary under the Act
- m. **“Managing Director”** means Managing Director as defined in Section 2(54) of the Act
- n. **“Whole-time Director”** means Managing Director as defined in Section 2(94) of the Act
- o. **“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions.
- p. **Core Committee means an internal committee of the company executives set up by the Chairman.**

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

5. Identification of Related Parties

- Once a year, declarations will be obtained by the Company Secretary (CS) from the Directors and KMP and other related parties within the meaning of Section 2(76), 184 and 189 of the Act and Clause 49 in the prescribed format.
- The declarations will also 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 quarterly board meeting, place before the Board an up-to date list of the related parties of the Company.
- The Company will keep at all times an updated master of Related Parties in an appropriate computer system.

6. Intimation of transactions with Related Parties

The Directors and the KMP may intimate the Board | Audit Committee sufficiently in advance about the probable transactions with the Company and the Related Parties concerning them so that the Board | Audit Committee has sufficient time to review information regarding the proposed transaction.

6A Prerequisites for approval

The Company will frame a Pricing Policy for the transactions with the Related Parties. The transactions will ordinarily meet with the Pricing Policy. The Core Committee shall ordinarily review the transactions.

7. Approval of Audit Committee

All RPT shall require prior approval of the Audit Committee except in the following situations:

A) Omnibus approval

The Audit Committee may grant an omnibus approval for RPT proposed to be entered into by the Company subject to the following criteria | conditions:

- a. Criteria:
 - i) the transactions are repetitive in nature.
 - ii) the transactions are with a subsidiary or associate company of the Company.
- b. The Audit Committee satisfies itself the need for such an omnibus approval and that such approval is in the interest of the Company.
- c. Such an omnibus approval shall specify (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price | current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit.

Provided that where RPT cannot be foreseen and the aforesaid details are not available, the Audit Committee may grant an omnibus approval for such transactions subject to their value not exceeding INR 1 crore per transaction.

- d. the Audit Committee shall review, at least on a quarterly basis, the details of RPT entered into by the Company pursuant to each of the omnibus approvals given.
- e. Such omnibus approvals shall be valid for a period not exceeding 1 year and shall require fresh approvals thereafter.
- f. Such omnibus approvals shall be for transactions which are in ordinary course of business and on Arm's length basis.

B) General Principles

The Audit Committee may invoke the following principles |issues while considering proposals for transactions with Related Parties:

- Fairness
- Arm's length basis
- Compelling business reasons for entering into the transaction
- Better alternatives available
- Impact on independence of Independent Directors
- Likely impact on reputation of the Company
- Reason for not seeking prior approval if applicable
- Conflict of interest

8. Board's Approval

In addition to the approval of the Audit Committee, the approval of the Board shall be required in respect of RPT that are not in the ordinary course of business or not on arm's length basis. Any member of the Board who has a interest in such RPT will recuse him or herself and abstain from participating and voting on the approval of such RPT.

9. Shareholders' Approval

- a. All the Material RPTs shall require approval of the shareholders through special resolution (unless it is exempted pursuant to the provisions of Listing Agreement) and all the Related Parties shall abstain from voting on such resolution(s).
- b. 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 crosses the threshold limits prescribed under the rules made thereunder, shall require approval of the shareholders through special resolution, and only the Related Parties with whom transactions are being entered into, shall abstain from voting on such resolution(s).

10. Information to the Audit Committee, Board, Shareholders

While seeking approval from the Audit Committee, the Board or the Shareholders, the following information shall be given:

- a) The name of the related party and nature of relationship
- b) The nature, duration of the contract and particulars of the contract or arrangement
- c) The material terms of the contract or arrangement including the pricing and value, if any
- d) Any advance paid or received for the contract or arrangement, if any
- e) Any other information required to be provided under applicable laws or relevant or important to take a decision on the proposed transaction.

11. RPTs 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 Committee. The Committee shall consider all of the relevant facts and circumstances regarding the RPT, and shall evaluate all options available to the Company, including ratification, revision or termination of the RPT. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT 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 Committee determines not to ratify a RPT that has been commenced without approval, the 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 Company etc. In connection with any review of a RPT, the Committee has authority to modify or waive any procedural requirements of this Policy.

12. Amendment(s)

The Board of Directors may review or amend this policy, in whole or in part, from time to time, after taking into account the recommendations from the Audit Committee.

13. Disclosures

- Details of all material RPT with related parties shall be disclosed quarterly along with the compliance report on corporate governance at the time of filing the same with the Stock Exchanges.
- The Company shall disclose the policy on dealing with RPT on its website and a web link thereto shall be provided in the Annual Report.
- Details of transactions with the related parties which are not in the Ordinary Course of Business and |or not at Arm's Length shall be disclosed in the Report of Board of Directors |Annual Report with proper justification for entering into such transactions.
- Any other disclosure as may be required as per applicable law shall be made.

14. 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.