

Amal Ltd

Policy on dealing with Related Party Transactions

(Effective July 01, 2023)

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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 Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the SEBI LODR) as amended from time to time. 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:

- 3.1. the Companies Act, 2013 and the Rules | Regulations made thereunder
- 3.2. the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- 3.3. any other law as may apply from time to time

4. Definitions

- 4.1. **"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 SEBI LODR.
- 4.2. **"Board of Directors"** means the "Board of Directors" of **Amal** Limited.
- 4.3. **"Company"** means **Amal** Limited.
- 4.4. **"Key Managerial Personnel" or KMP** means key managerial personnel as defined under the Act and includes:-
 - 4.4.1. Managing Director (MD), or Chief Executive Officer (CEO) or Manager and in their absence, a Whole-Time Director (WTD);
 - 4.4.2. Company Secretary (CS);
 - 4.4.3. Chief Financial Officer (CFO);
 - 4.4.4. such other officer, not more than one level below the Directors who is in whole-time employment, designated as Key Managerial Personnel by the Board; and
 - 4.4.5. Such other officer as may be prescribed.

- 4.5. **“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.
- 4.6. **“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 ₹ 1,000 crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.
Provided a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed(s) 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- 4.7. **“Material modification to the Related Party Transaction”** means a change, amendment or waiver in any terms and condition of the transaction that leads to change in nature of transaction or parties to the transaction or having more than 20 percent impact on total value of transaction.
- 4.8. **“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 and Articles of Association.
- 4.9. **“Policy”** means policy on materiality of RPTs and also on dealing with RPTs, as amended from time to time.
- 4.10. **“Related Party”** means a related party as defined under the Act or rules made thereunder and the SEBI LODR as amended from time to time.
- 4.11. **“Related Party Transaction”** means such transactions as specified under Section 188 of the Act or rules made thereunder and the SEBI LODR including any amendment or modification thereof, as may be applicable.
- 4.12. **“Relative”** means a relative as defined under the Act and the SEBI LODR.
- 4.13. **“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 the Company Secretary under the Act.
- 4.14. **“Managing Director”** means Managing Director as defined in Section 2(54) of the Act.
- 4.15. **“Whole-time Director”** means Whole-time Director as defined in Section 2(94) of the Act.
- 4.16. **“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions.
- 4.17. **“Core Committee”** means an internal committee of the Company executives set up by the Chairman and Managing Director.

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

5. Identification of Related Parties

- 5.1. 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 Regulation 23 of the SEBI LODR in the prescribed format.
- 5.2. The declarations will also be updated by the Directors and KMP regularly immediately upon a change taking place.
- 5.3. 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.
- 5.4. The CS shall in every quarterly board meeting, place before the Board an up-to date list of the related parties of the Company.
- 5.5. 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.

6.1. 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.

Before seeking approval of the Audit Committee | Board | Shareholders as the case may be, the transactions will be pre vetted by an Independent expert in transfer pricing matters.

The pre vetting | certification will mainly cover whether the transactions are meeting Pricing Policy, Related Party Policy and are within "normal course of business" and at "Arm's length" basis or not.

The transactions will be certified by an Independent Agency well versed in exercising attest functions.

7. Approval of Audit Committee

- 7.1. **All RPT and subsequent material modifications shall require prior approval of the Audit Committee in accordance with the Act and the SEBI LODR.**

- 7.2. **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:

- 7.2.1. Criteria:
- i) the transactions are repetitive in nature.
 - ii) the transactions are with a subsidiary or associate company of the Company.
 - iii) the aggregate value of each type of transaction with a Related Party does not exceed such value of the previous year by more than 20% or in case of the first year of operations of the Related Party, 5% of the consolidated sales of the Company, whichever is lower.
- 7.2.2. The Audit Committee satisfies itself the need for such an omnibus approval and that such approval is in the interest of the Company.
- 7.2.3. 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 ₹ 1 crore per transaction.

- 7.2.4. 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. The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.
- 7.2.5. Such omnibus approvals shall be valid for a period not exceeding 1 year and shall require fresh approvals thereafter.
- 7.2.6. Such omnibus approvals shall be for transactions which are in ordinary course of business and on Arm's length basis.

7.3. Transactions involving only subsidiary companies:

Subject to the applicable provision of the Act and the SEBI LODR, a RPT to which a subsidiary company 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 exceeds the limits prescribed under the Act or the SEBI LODR;

7.4. Transactions with or between wholly owned subsidiary companies

Prior approval of the Audit Committee of the Company will not be required in case of transactions entered into between:

- i. the Company and its wholly owned subsidiary company whose accounts are consolidated with the accounts of the Company and placed before the Shareholders at the general meeting for approval.
- ii. two wholly-owned subsidiaries of the Company, whose accounts are consolidated with such holding company and placed before the Shareholders at the general meeting for approval.

7.5. 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 an interest in such RPT will recuse him or herself and abstain from participating and voting on the approval of such RPT.

9. Shareholders' Approval

9.1. All the Material RPTs and subsequent material modifications of such transactions shall require prior approval of the Shareholders through an ordinary resolution (unless it is exempted pursuant to the provisions of the Act or the SEBI LODR) and no related party shall vote to approve such resolution(s).

9.2. 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 ordinary resolution, and only the Related Parties with whom transactions are being entered into, shall abstain from voting on such resolution(s).

10. Threshold for RPTs

The current threshold limits for approval of the RPTs by the Audit Committee, the Board or the Shareholders in general meeting, as applicable, have been set out in Annexure 1 hereto. Such limits shall stand automatically modified | amended as and when such limits are amended under the Act and | or the SEBI LODR and shall accordingly be deemed to be incorporated in this Policy by reference.

11. 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:

- i. Type, material terms and particulars of the proposed transaction;
 - ii. Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
 - iii. Tenure of the proposed transaction (particular tenure shall be specified);
 - iv. Value of the proposed transaction;
 - v. 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);
 - vi. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
 - a) details of the source of funds in connection with the proposed transaction;
 - b) 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;
 - c) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - d) the purpose for which the funds will be utilised by the ultimate beneficiary of such funds pursuant to the RPT.
 - vii. Justification as to why the RPT is in the interest of the Company;
 - viii. A copy of the valuation or other external party report, if any such report has been relied upon;
 - ix. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- Any other information that may be relevant

12. 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 Audit Committee. The Audit 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 Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Audit 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 a RPT 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 Company etc. In connection with any review of a RPT, the Committee has authority to modify or waive any procedural requirements of this Policy.

13. Amendment(s)

The Board shall review this Policy, once every 3 years or as may be legally required, after taking into account the recommendations from the Audit Committee. The Board may also amend the Policy as and when required.

14. Disclosures

- 14.1. 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.
- 14.2. 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.
- 14.3. 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.
- 14.4. Details of transactions with related parties shall be disclosed to the Stock Exchanges and also displayed on the website of the Company on half yearly basis.
- 14.5. Details of transactions with any person or entity belonging to the Promoter | Promoter group which hold(s) 10% or more shareholding in the Company, shall be disclosed in the format prescribed by the SEBI in the relevant accounting standards for annual results.
- 14.6. Any other disclosure as may be required as per applicable law shall be made.

15. Limitation

In the event of any conflict between the provisions of this Policy and of the SEBI LODR | the Act or any other statutory enactments, rules, the provisions of the SEBI LODR | the Act or statutory enactments, rules shall prevail over this Policy.

16. Material subsidiary companies

- 16.1. A subsidiary shall be considered as material if the income or the net worth of the subsidiary exceeds 10% of the consolidated income or net worth, as the case may be, as per the audited balance sheet of the previous financial year of the Company.

- 16.2. The Company shall not dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court |Tribunal, or under a resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy Code 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- 16.3. Selling, disposing and leasing of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of Shareholders by way of special resolution, unless the sale |disposal |lease is made under a scheme of arrangement duly approved by a Court| Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Annexure 1

Provisions	Ceiling on the Amount	Approval Required		
		Audit Committee	Board of Directors	Shareholders (Ordinary Resolution)
Transactions in the ordinary course of business and on arm's length basis including any material modifications to such transaction.	up to ₹ 1,000 crore or 10% of the annual Consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower	√	-	-
	<i>In excess of above limit</i>	√	√	√ (No related party shall vote to approve)
Transactions either not in the <u>ordinary course of business</u> or <u>arm's length basis</u>				
Sale, purchase or supply of any goods or materials, directly or through appointment of agent.	-	√	√	√* Exceeding 10% of the turnover or ₹ 100 crore, whichever is lower
Selling or otherwise disposing of or buying property of any kind, directly or through appointment of	-	√	√	√* Exceeding 10% of the net worth or ₹ 100 crore, whichever is lower
Leasing of property of any kind.	-	√	√	√* Exceeding 10% of the turnover or 10% of the net worth, or ₹ 100 crore whichever is lower
Availing or rendering of any services, directly or through appointment of agent	-	√	√	√* Exceeding 10% of the turnover or ₹ 100 crore, whichever is Lower

Appointment of any related party to any office or place of profit in the Company, its subsidiary or associate company.	-	√	√	√* Monthly remuneration exceeding ₹ 2.50 lakh
Underwriting the subscription of any securities or derivatives thereof, of the	-	√	√	√* Remuneration exceeding 1% of net worth
* Note: In case of shareholders' approval for such transactions, related parties that are parties to the contract shall abstain from voting.				
Any other related party transaction, other than those covered above, resulting in transfer of resources, obligations or services, including any material modifications to such transaction.	-	√	For Transactions that are not on arm's length basis.	up to ₹ 1,000 crore or 10% of the annual Consolidated turnover of the Company or a subsidiary, as the case may be, as per the last audited financial statements of the such entity, whichever is lower or exceeding 5 % of the annual consolidated turnover of the Company for brand usage or royalty (All related parties shall not vote to approve)