



Policy on dealing with Related Party Transactions

1. Preamble

The Board of Directors ("the Board") of Atul 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:

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

4. Definitions

- a. **"Audit Committee or Committee"** refers to the "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.
- b. **"Board of Directors"** means the "Board of Directors" of Amal Ltd.
- c. **"Company"** means Amal Ltd.
- d. **"Key Managerial Personnel" or KMP** refers to 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)
 - III. Chief Financial Officer (CFO)
 - IV. Such other officer as may be prescribed
- e. **"Arm's length transaction"** implies 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(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- g. **"Ordinary course of business"** will 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 the Memorandum and Articles of Association.
- h. **"Policy"** refers to the 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 a transaction 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.



Policy on dealing with Related Party Transactions

- l. **"Company Secretary" or 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 and Managing Director.

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(s) or regulation(s).

5. Identification of Related Parties

- a. Once a year, declarations will be obtained by the 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.
- b. The declarations will also regularly be updated by the Directors and KMP, immediately upon a change taking place.
- c. 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.
- d. The CS shall, in every quarterly board meeting, place before the Board an up-to-date list of the Related Parties of the Company.
- e. 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.

Prerequisites for approval

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

Before seeking approval of the Audit Committee, Board and |or 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 the 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 the Audit Committee

All RPTs 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 RPTs proposed to be entered into by the Company subject to the following criteria | conditions:

l. Criteria

- i the transactions are repetitive in nature.
- ii the transactions are with a subsidiary or associate company of the Company.



Policy on dealing with Related Party Transactions

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.

II. The Audit Committee satisfies itself the need for such an omnibus approval and that such approval is in the interest of the Company.

III. Such omnibus approvals 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 RPTs 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.

IV. The 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 approvals given.

V. Such omnibus approvals shall be valid for a period not exceeding 1 year and shall require fresh approvals thereafter.

VI. Such omnibus approvals shall be for transactions which are in ordinary course of business and on arm's length basis.

b. Transactions with wholly owned subsidiary companies

Prior approval of the Audit Committee will not be required in case of transactions entered into between the Company and its wholly-owned subsidiary company whose accounts are consolidated with the accounts of the Company and placed before the shareholders for approval at the General Meeting.

c. 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 the independence of Independent Directors
- Likely impact on the reputation of the Company
- Reason for not seeking prior approval, if applicable
- Conflict of interest

8. Approval of the Board

In addition to the approval of the Audit Committee, the approval of the Board shall be required in respect of RPTs 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 RPTs will recuse himself | herself and abstain from participating and voting on the approval of such RPTs.

9. Approval of shareholders

- a. All material RPTs shall require the approval of shareholders through a special resolution (unless it is exempted pursuant to the provisions of the Listing Agreement) and all 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 arm's length basis and which cross the threshold limits prescribed under the rules made thereunder, shall



Policy on dealing with Related Party Transactions

require approval of the shareholders through a 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 and 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 the nature of the 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 RPTs, and shall evaluate all options available to the Company, including ratification, revision or termination of the RPTs. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPTs 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 shareholders, payment of compensation for the loss suffered by the Company, etc. In connection with any review of a RPT, the Committee has the authority to modify or waive any procedural requirements of this Policy.

12. Amendments

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

- a. Details of all material RPTs 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.
- b. The Company shall disclose the Policy on dealing with RPTs on its website and a web link thereto shall be provided in the Annual Report.
- c. 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 the Board of Directors | Annual Report with proper justification for entering into such transactions.
- d. Any other disclosure(s) which may be required as per the applicable law(s) shall be made.

14. Limitation

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

15. Material subsidiary companies

- a. For the purpose of this Clause, a subsidiary company shall be considered as material if the investment of the Company in the subsidiary exceeds 20% of its consolidated net worth as per the audited Balance Sheet of the previous financial year or if the subsidiary has generated 20% of the consolidated income of the Company during the previous financial year.



Policy on dealing with Related Party Transactions

- b. For the purpose of this Clause, a subsidiary company shall be considered as material if the investment of the Company in the subsidiary exceeds 20% of its consolidated net worth as per the audited Balance Sheet of the previous financial year or if the subsidiary company has generated 20% of the consolidated income of the company during the previous financial year.
- c. The Company shall not dispose of shares in its material subsidiary company which would reduce its shareholding (either on its own or together with other subsidiary companies) to less than 50% or cease the exercise of control over the subsidiary company 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.
- d. 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 a special resolution, unless the sale | disposal | lease is made under a scheme of arrangement duly approved by a Court | Tribunal.