

AMCO INDIA LIMITED

POLICY ON RPT AND MATERIALITY OF RELATED PARTY TRANSACTIONS (RPT)

POLICY ON RELATED PARTY TRANSACTIONS AND MATERIALITY OF RELATED PARTY TRANSACTIONS.

1) INTRODUCTION, SCOPE AND PURPOSE OF THE POLICY:

Pursuant to Regulation 23(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations), the Company is required to formulate a policy on related party transactions and materiality of related party transactions, approved by the Board of Directors and such policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.

The Board of Directors (the "Board") of Amco India Limited (the "Company"), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time.

The Policy provides a framework for governance and reporting of related party transactions, including material transactions. Amendments from time to time to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee. The Policy on RPT and materiality of Related Party Transactions shall be effective from 1st April, 2022.

2) OBJECTIVE OF THE POLICY:

The Policy sets out the manner of dealing with the transactions between the Company and its related parties in compliance with the applicable laws and regulations as may be amended from time to time and to fix the materiality thresholds for related party transactions.

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 interests of the Company and its shareholders.

3) DEFINITIONS:

"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 interests.

"Audit Committee" means the Committee of the Board constituted from time to time under Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013.

"Board" means the Board of Directors as defined under the Companies Act, 2013.

"Control" shall have the same meaning as defined in the SEBI (Substantial Acquisition and Takeover) Regulations, 2011.

“Employees” shall mean employees and office-bearers of the Company, including but not limited to Directors.

The terms **“Director, Company Secretary, Chief Financial Officer”**, shall have the same meaning as defined under the Companies Act, 2013.

“Key Managerial Personnel” shall mean Key Managerial Personnel as defined under Section 2(51) of the Companies Act, 2013.

“Office or Place of Profit” means any office or place:

- i. where such office or place is held by a director, if the director holding it receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- ii. where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

“Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as enunciated in the Memorandum and the Articles of Association. The Board and the Audit Committee may lay down principles for determining in the ordinary course of business in accordance with statutory requirements and other industry practices and guidelines.

“Related Party” means a related party as defined under Section 2(76) of the Companies Act, 2013 or under the applicable accounting standards.

Provided that any person or entity belonging to the promoter or promoter group of the Company and holding 20% or more of shareholding in the Company shall be deemed to be a related party.

Provided that effective 1st April, 2022:

(a) any person or entity forming part of the promoter or promoter group of the Company; or

(b) any person or any entity, holding equity shares:

(i) of 20% or more; or

(ii) of 10% or more, with effect from 1st April, 2023;

in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;

shall be deemed to be a related party.

“Related Party Transaction” means a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Effective 1st April, 2022, related party transaction means a transaction involving a transfer of resources, services or obligations between:

- (i) Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
- (ii) Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries, with effect from 1st April, 2023; regardless of whether a price is charged and a transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding shall not be related party transactions. **i.** payment of dividend; **ii.** subdivision or consolidation of securities; **iii.** issuance of securities by way of a rights issue or a bonus issue; and **iv.** buy-back of securities.

“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 ten percent of the annual consolidated turnover of the Company as per the last audited financial statements or such limits as may be prescribed either in the Companies Act, 2013 and Rules made thereunder or the Listing Regulations, whichever is stricter

Effective April 1, 2022, a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds INR one thousand crores or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements, whichever is lower.

“Material Modifications” means and includes any modification to an existing related party transaction having variance of 20% of the approved limit as sanctioned by the Audit Committee/Board/Shareholders, as the case may be.

“Relative” means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner –

- a.** Members of a Hindu undivided family;
- b.** Husband or wife;
- c.** Father (including stepfather);
- d.** Mother (including stepmother);
- e.** Son (including stepson);

- f. Son's wife;
- g. Daughter;
- h. Daughter's husband;
- i. Brother (including stepbrother); or
- j. Sister (including stepsister).

4) MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS:

a) Identification of related parties:

The Company has formulated guidelines for identification and updating the list of related parties.

b) Identification of related party transactions:

The Company has formulated guidelines for identifying related party transactions as also determining whether the same are in the ordinary course of business and at arm's length. The Company may seek professional opinion for this purpose, if necessary.

c) Procedure for approving related party transactions:

- **Approval by the Audit Committee of the Company**

All related party transactions and subsequent material modifications shall require prior approval of the Audit Committee. Only those members of the Audit Committee, who are independent directors, shall approve related party transactions.

Based on the terms and conditions of a transaction, and applicable regulatory requirements, the Audit Committee shall recommend/refer it for the approval of Board of Directors or Shareholders.

The Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the following conditions:

- i. The Audit Committee shall lay down the criteria for granting omnibus approval in line with the policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
- ii. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- iii. Such omnibus approval shall specify (a) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (b) the indicative base price/ current contracted price and the formula for variation in the price, if any and (c) 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, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding INR one crore per transaction;

- iv. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given; and
- v. Such omnibus approvals shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.

The Company shall lay down a globally accepted framework to assess whether transactions with related parties are done on arm's length. Tests shall be conducted on an ongoing basis to determine that the transactions are in "ordinary course of business" and on "arms' length".

Approval of the Audit Committee shall not be necessary for:

- a) transactions between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval; and
 - b) transactions entered into 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.
- **Approval by the Board of Directors of the Company**

Pursuant to the provisions of Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, all transactions which are not in the ordinary course of business and on arm's length, shall be placed before the Board and/or its Shareholders, as applicable, for approval.

The following transactions with related parties shall also be placed before the Board for its approval:

- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or on arm's length and decides to refer the same to the Board for approval;
- Transactions which are in the ordinary course of business and on arm's length, but which in the view of the Audit Committee requires approval of the Board; and
- Related party transactions which are to be mandatorily approved by the Board under any law.

- **Approval of the Shareholders of the Company**

All transactions enumerated in the first proviso to Section 188(1) of the Companies Act, 2013, which (a) are not in the ordinary course of business and on arm's length; and (b) exceeding the thresholds laid down in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, shall be approved by the Shareholders.

All material related party transactions including the following shall need prior approval of the Shareholders of the Company through a Resolution on which, no related party shall vote, whether the entity is a related party to the particular transaction or not: -

- c) Sale, purchase or supply of any goods or materials, directly or through appointment of agent - above 10% of the consolidated annual turnover of the Company or INR 1000 crores, whichever is lower;
- d) Selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of agent - above 10% of the net worth of the Company or INR 1000 crores, whichever is lower;
- e) Leasing of property of any kind - above 10% of the consolidated annual turnover of the Company or INR 1000 crores, whichever is lower;
- f) Availing or rendering of any services, directly or through appointment of agent - above 10% of the consolidated annual turnover of the Company or INR 1000 crores, whichever is lower;
- g) Related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company - Monthly remuneration above INR 250,000;
- h) Underwriting the subscription of any securities or derivatives, thereof, of the Company - above 1% of net worth of the Company; and
- i) Payment towards brand usage or royalty - above 5% of the consolidated turnover of the Company or INR 1000 crores, whichever is lower.

provided that the above limits shall not apply in respect of a resolution plan approved under Section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

5) DISCLOSURES:

- Every Director and Key Managerial Personnel (KMP) shall disclose the parties in which they are deemed to be interested.
- Every Director and KMP shall promptly notify the Secretarial Department of any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest.

- Each related party transaction, which requires approval of the Board, shall be referred to in the Board's report in the prescribed form together with justification for entering into such contract or arrangement. The Company shall also maintain the Register in the prescribed form.
- The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time and publish the same on its website.

Effective 1st April, 2022, the Company shall make such disclosures every six months within fifteen days from the date of publication of its standalone and consolidated financial results.

Effective 1st April, 2023, the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results.

- The Company shall disclose the policy on dealing with related party transactions on its website and a web-link thereto shall be provided in the Annual Report.

6) ACTIONS TO BE TAKEN IN CASE ANY RELATED PARTY TRANSACTION IS NOT APPROVED AS PRESCRIBED BY THIS POLICY:

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

Where the Audit Committee determines not to ratify a related party transaction that has been commenced without proper approval, it may direct additional actions including, but not limited to, termination of the transaction or seek the approval of the Board or Shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has the authority to modify or waive any procedural requirements of this Policy.

7) WHISTLE BLOWER FOR ANY RELATED PARTY TRANSACTION ENTERED BY THE COMPANY IN CONTRAVENTION OF THIS POLICY:

Any officer or employee can avail of the vigil mechanism to report a fraudulent related party transaction or any transaction which is not in line with this Policy.