

AMJ LAND HOLDINGS LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

Preamble:

Pursuant to Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had adopted a Policy on Related Party transactions.

This Policy aims to ensure compliance of the applicable provisions of the Companies Act, 2013 & Rules made thereunder ('the Act') and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, ('Listing Regulations,') and relates to the identification of the Related Parties along with governance and approval of the Related Party Transactions.

This Policy was adopted initially by the Board of Directors on 01.11.2014.

However, SEBI vide its Notification dated 9th May, 2018 has amended the definition of the term 'Related Party' and 'Materiality of Related Party Transactions'. It has further directed that said Policy shall include clear threshold limits and that the Policy shall be subject to periodic review.

Accordingly, the Board of Directors have approved and adopted this revised Policy on 27th March, 2019.

The Policy shall be effective on and from 1st April, 2019.

Definitions:

1) Arms' Length Transactions:

As per Section 188 of the Companies Act, 2013, the expression "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.

2) **Related Party:

"Related Party" shall mean and include the following

- i. the persons/entities defined in Section 2(76) of the Act or under applicable accounting standards and
- ii. any person or entity forming a part of the promoter or promoter group of the listed entity; or any person or any entity, holding equity shares of twenty per cent or more (w.e.f. 01st April, 2022); or of ten per cent or more, (w.e.f. 1st April, 2023) in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Act at any time, during the immediate preceding financial year shall be deemed to be a related party".

3) Relative:

"Relative" with reference to any person, means any one who is related to another, if—

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to the other, in the following manner, namely:-
 - (1) Father: Provided that the term "Father" includes step-father;
 - (2) Mother: Provided that the term "Mother" includes the step-mother;
 - (3) Son: Provided that the term "Son" includes the step-son;

*(**Inserted by an amendment approved by Board of Directors of the Company at their meeting held on 05th February, 2022)*

- (4) Son's wife;
- (5) Daughter;
- (6) Daughter's husband;
- (7) Brother: Provided that the term "Brother" includes the step-brother;
- (8) Sister: Provided that the term "Sister" includes the step-sister.

4) Related Party Transaction(s)

A Related Party Transaction(s) shall mean the transactions, contracts and arrangements prescribed in Section 188 of the Act and SEBI Listing Regulations.

As per SEBI Listing Regulations, "related party transaction" means a transfer of resources, services or obligations between a listed entity 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, provided that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

As per Section 188 of the Companies Act, 2013, the following transactions shall, inter alia, qualify to be Related Party Transactions:

- (a) Sale, purchase or supply of any goods or materials;
- (b) Selling or otherwise disposing of, or buying, property of any kind;
- (c) Leasing of property of any kind;
- (d) Availing or rendering of any services;
- (e) Appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) Such Related Party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
- (g) Underwriting the subscription of any securities or derivatives thereof, of the Company;

For the purposes of this Policy, the words "Contract or Arrangement" shall include the "Transactions" which are used inter-changeably.

5) **Material Related Party Transactions:

- a. "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 Rs.1,000 Crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower".

Notwithstanding the above, a transaction involving payments made to 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 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- b. "Material Modification to Related Party Transaction shall carry the same meaning as Material Related Party Transaction".

*(**Inserted by an amendment approved by Board of Directors of the Company at their meeting held on 05th February, 2022)*

Identification of Related Parties:

Each Director, Key Managerial Personnel whenever wishes to enter into a Related Party Transaction with the Company involving either him/ her or his/her Relative, shall give a Notice to the Company along with all the relevant details and documents.

Notice of any Related Party Transaction, shall be given well in advance so that the Company has adequate time to obtain additional information or document about the proposed Related Party Transaction, if necessary, which is required to be placed before the Audit Committee to enable it to consider and take a decision on the Related Party Transaction.

Every Director, Key Managerial Personnel shall also make annual disclosures as under:

- a. List of Relatives as defined above.
- b. List of private companies where the Company's Director or his relative is either a director or a member.
- c. List of firms where the Company's director or his relatives are partner.
- d. List of Public companies in which any director of the Company is also a director and he, along with his/her relatives also holds more than 2% of the Share Capital.

Every Director and Key Managerial Personnel shall also promptly intimate any change in the annual disclosures above mentioned.

Review and Approval of Related Party Transactions

Approval by the Audit Committee:

- 1) The Company shall not enter into any Related Party Transactions with any Related Party without prior approval of the Audit Committee.
- 2) The Notices referred above received by the Company from the Directors, Key Managerial Personnel shall be forwarded to the Company Secretary with a direction to convene a meeting of the Audit Committee.
- 3) The Company Secretary shall convene the meeting of the Audit Committee, as directed, and shall place all the relevant information/documents relating to the proposed Related Party Transaction(s) before the Audit Committee, which inter-alia shall include:
 - (a) The name of the Related Party and nature of relationship;
 - (c) The nature, duration and particulars of the contract or arrangement; such as business purpose of the transaction, the benefit of the contract or arrangement to the Company/Related Party etc.The material terms and conditions of the contract or arrangement including the value, if any;
 - (d) Any advance paid or received for the contract or arrangement, if any;
 - (e) The manner of determining the pricing and other commercial terms, both included as part of contract and also not considered as part of the contract;
 - (f) Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
 - (h) Any other information relevant or important for the Audit Committee and/or Board of Directors to take a decision on the proposed Related Party Transaction.

- 4) The Audit Committee will consider the information/documents related to Related Party Transactions placed before it and either approve or reject the same on merit.
- 5) If any member of the Audit Committee is interested in any Related Party Transaction with a Related Party, such member shall not be present at the Audit Committee Meeting, neither during the discussions on the subject matter nor at the time of voting on the resolution relating to such Related Party Transaction.

Omnibus Approval for Related Party Transactions as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity subject to the following conditions, namely-

- (a) the Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;
- (b) the Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;
- (c) the omnibus approval shall specify:
 - the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
 - the indicative base price / current contracted price and the formula for variation in the price if any; 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 rupees one crore per transaction.

- (d) the Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.
- (e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year:

In case of transaction, other than transactions referred to in Section 188, as referred in Clause 4 above and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board:

In case any transaction involving any amount not exceeding one crore rupees is entered into by a Director or Officer of the Company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any Director or is authorised by any other Director, the Director concerned shall indemnify the company against any loss incurred by it:

The provisions of this clause shall not apply to a transaction, other than a transaction referred to in section 188, between a holding company and its wholly owned subsidiary company.

Approval of the Board:

The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose-

- (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 value, if any;
- (d) any advance paid or received for the contract or arrangement, if any;

- (e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- (f) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- (g) any other information relevant or important for the Board to take a decision on the proposed transaction.

Where any Director is interested in any contract or arrangement with a related party, such Director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement-

Approval by the Shareholders:

As per SEBI Listing Regulations, all material related party transactions shall require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not, provided that the requirements specified under this sub-regulation 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.

Threshold Limits for approval of the shareholders as per Section 188 of the Companies Act, 2013 and Rules prescribed thereunder:

Except with the prior approval of the company by a resolution, a Company shall not enter into a transaction or transactions, as mentioned herein below:

- (a) sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company or rupees one hundred crore, whichever is lower;
- (b) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company or rupees one hundred crore, whichever is lower;
- (c) leasing of property any kind amounting to ten percent or more of the net worth of company or ten per cent or more of turnover of the company or rupees one hundred crore, whichever is lower;
- (d) availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company or rupees fifty crore, whichever is lower;

Explanation.- The limits specified above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- (e) for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh rupees;
- (f) for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth;

Explanation.- The turnover or net worth referred above shall be computed on the basis of the audited financial statement of the preceding financial year.

In case of wholly owned subsidiary, the resolution is passed by the holding company shall be sufficient for the purpose of entering into the transaction between the wholly owned subsidiary and the holding company.

The explanatory statement to be annexed to the notice of a general meeting convened pursuant to contain the following particulars, namely:-

- (a) name of the related party;
- (b) name of the director or key managerial personnel who is related, if any;
- (c) nature of relationship;
- (d) nature, material terms, monetary value and particulars of the contract or arrangements;
- (e) any other information relevant or important for the members to take a decision on the proposed resolution.

Ratification of Exceptional Cases:

Any transaction, contract or arrangement entered into by the Company with a Related Party, without obtaining the consent of the Audit Committee, Board of Directors or approval of shareholders by a Resolution of the General Meeting, can in genuine cases be ratified by the Audit Committee, Board of Directors or the shareholders at a General Meeting, as permitted in the Act,

If the approval sought from the Board of Directors and the shareholders is not granted, the transaction, contract or arrangement shall stand cancelled with immediate effect and the Director or the concerned employee shall be liable to indemnify the losses, if any, caused to the Company on account of the said Related Party Transaction.

For the purpose of indemnification of loss, as referred above, it will be open for the Company to proceed against a Director or any other Employee who had entered into such contract or arrangement in contravention of the provisions of the Act, for recovery of such loss.

Disclosures:

The Company shall maintain a register pursuant to Section 189 of the Act and enter therein the particulars of all the Related Party Transactions with a Related Party.

Every transaction, contract or arrangement entered into with Related Parties shall be referred to in the Report of the Board of Directors to the shareholders along with the justification for entering into such transaction, contract or arrangement.

Details of all material transactions, with Related Parties shall be disclosed to the Stock Exchanges where the securities of the Company are listed, on quarterly basis along with the compliance report on corporate governance pursuant to SEBI Listing Regulations.

Review:

This Policy shall be reviewed by the Board of Directors at least once every three years and updated.

Definition of Related Party as per Section 2(76) of the Companies Act, 2013

"related party", with reference to a company, means—

- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager ¹[or his relative] is a member or director;
- (v) a public company in which a director and manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- (viii) any body corporate which is—
 - (A) a holding, subsidiary or an associate company of such company;
 - (B) a subsidiary of a holding company to which it is also a subsidiary; or
 - (C) an investing company or the venturer of the company;"

Explanation.—For the purpose of this clause, "the investing company or the venturer of a company" means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

- (ix) such other person as may be prescribed¹;

¹ For the purpose of sub-clause (ix) of clause (76) of Section 2 of the Act, a Director other than an independent Director or key managerial personnel of the holding company or his relative with reference to the Company, shall be deemed to be a related party.