

ANDREW YULE & COMPANY LIMITED

(A Government of India Enterprise)

CIN No.: L63090WB1919GOI003229

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POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

Reviewing Authority	:	Audit Committee of the Company
Approving Authority	:	Board of Directors of the Company
Original Issue Date	:	11 th August, 2014
Current Revision Date	:	1 st April, 2019
Policy Making Body	:	Executive Management
Review Cycle	:	Annually or as recommended by the Board/Audit Committee

1. Scope and purpose of the Company

The Companies Act, 2013 (the Act), the rules framed thereunder as well as Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and read with SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 contained detailed provision relating to related party transactions.

This Policy of related party transactions (Policy) has been framed as per requirement of Regulation 23 of Listing Regulations requires the Company to formulate a “policy” on materiality of related party transactions and on dealing with related party transactions including clear threshold limit duly approved by the Board of Directors and such policy shall be reviewed by the Board of Directors at least once in every three years and updated accordingly. This policy has been adopted by the Board of Directors of the Company at its meeting held on 11.08.2014. Going forward, the Audit Committee will review and amend the Policy, as and when required, subject to adoption by the Board.

2. Objective of the Policy

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

3. Definitions

- 3.1 “Act” means Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- 3.2 “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.
- 3.3 “Audit Committee or Committee” means the Committee of the Board formed under Section 177 of the Act and Regulations 18 SEBI (LODR) Regulations 2015.
- 3.4 “Material Related Party Transaction” means a Related Party Transaction which individually or taken together with previous transactions during a financial year, exceeds ten percent (10%) of the annual consolidated turnover of the Company as per the last audited financial statements.
- 3.5 “Policy” means the Policy on Related Party Transactions, including amendments, if any, from time to time.
- 3.6 “Related Party”, “Related Party Transaction” and “Relative” will carry the meaning as stated under the Companies Act, 2013 read with Rules made thereunder and further read with Listing Regulation as amended from time to time.
- 3.7 “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 per Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles of determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 (the Act) including Companies (Amendment) Act, 2017 and rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subsequent amendment in SEBI (LODR) (Amendment) Regulations, 2018, Indian Accounting Standards, and any other statute, law, standards regulations or other governmental instructions relating to related party transactions.

4. Terms of the Policy

All related party transactions will be subject to following approval matrix, as may be applicable :-

Particular	Ceiling on the Amount	Approval Required		
		Audit Committee	Board of Directors	Shareholder (Ordinary Resolution)
Transaction in the <u>ordinary course of business</u> and on <u>arm's length basis</u> .	Upto 10% of the annual consolidated turnover of the company.	✓	-	-
	In excess of above limit.	✓	✓	✓ (no related party shall vote to approve the relevant transactions).

Transaction either not in the ordinary course of business or arm's length basis

Particular	Approval Required		
	Audit Committee	Board of Directors	Shareholder (ordinary resolution)
Sell, Purchase or supply of any goods or materials directly or through appointment of agent.	✓	✓	✓* (exceeding 10% of the turnover or Rs.100 Crore, whichever is lower).
Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent.	✓	✓	✓* (exceeding 10% of net worth or Rs.100 Crore, whichever is lower).
Leasing of property of any kind.	✓	✓	✓*

			(exceeding 10% of net worth or 10% of the turnover or Rs.100 Crore, whichever is lower).
Availing or rendering of any services, directly or through appointment of agent.	✓	✓	✓* (exceeding of 10% of turnover or Rs.50Crore, whichever is lower).
Appointment of any related party to any office or place of profit in the company, its subsidiary company or associate company.	✓	✓	✓* (monthly remuneration exceeding two and half lakh rupees).
Underwriting the subscription of any securities or derivatives thereof, of the company.	✓	✓	✓* (remuneration exceeding 1% of the net worth).
*NOTE : In case of shareholders' approval for such transactions, related parties that are parties to the contract shall not vote to approve the relevant transaction.			
Any other transactions with related parties, other than those covered above, resulting in transfer of resources, obligations, or services.	✓	for transactions that are not on arm's length basis.	✓ (exceeding 10% of the annual consolidated turnover of the company.) NOTE : No related party shall vote to approve such resolutions.

5. Materiality threshold

Regulations, 23 of the SEBI Listing Regulations requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required and the related parties shall not vote to approve such resolution whether the entity is a related party to the particular transaction or not. The Company has fixed its materiality threshold at 10% of the annual consolidated turnover of the company as per last audited financial settlements of the Company for the purpose of Regulation 23(4) of the SEBI Listing Regulations.

6. Manner of dealing with Related Party Transactions

- i) The Company shall not enter into any transaction/contract/ arrangement with a Related Party without the prior approval of the Audit Committee unless the transaction /contract/ arrangement enjoys any exemption as provided under the Companies Act, 2013 or Rules made thereunder or under the Standard Listing Agreement as entered into with the Stock Exchange(s).
- ii) The Audit Committee may grant omnibus approval for Related Party Transaction proposed to be entered into by the company, subject to the conditions as stated under SEBI (LODR) Regulations, 2015.

- iii) In the event any contract or arrangement with a related party is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act 2013 and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such transaction/ contract /arrangement.

7. Disclosures

Disclosure will be made in the Company's Annual Report of the particulars of the transactions/ contract / arrangement along with the justification for entering into such transactions / contracts / arrangements with the Related Parties as a part of Board's Report.

The listed entity shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclose of Related Party Transaction on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the Stock Exchange and publish the same on its web-site. The amendment shall come into force with effect from the half year ending March 31, 2019.

The Policy shall also be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.

8. Amendment in Law

In case of any subsequent changes in the provisions of the Act, or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law. This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors.