

ANDREW YULE & COMPANY LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. PREAMBLE

The Board of Directors (the “Board”) of Andrew Yule & Company Limited (the “Company”), has adopted the following policy and procedures with regard to the Related Party Transactions as defined below. The Audit Committee shall review and may propose amendments to this policy as may be required.

The policy will be applicable to the Company. This policy is to regulate transactions between the Company and its related parties based on the laws and regulations applicable on the company. This policy shall become effective from 1st October, 2014.

2. OBJECTIVE

This policy is framed as per the requirement of Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges (“Listing Agreement”) and intended to ensure the proper approval and reporting of transaction between the Company and its Related Parties as determined under Listing Agreement, Companies Act, 2013 and rules prescribed thereunder, and any other laws and regulations as may be applicable to the Company. The Company is required to disclose in its Annual Financial Statements and Directors Report, certain transactions between the Company and Related Parties as well as policy relating thereto.

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 Clause 49 of the Listing Agreement.
- 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 Clause 49 of the Listing Agreement as amended from time to time.

4. POLICY ON RELATED PARTY TRANSACTION

- 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 Clause 49(VII)(C) of the Standard Listing Agreement.
- 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.

5. POLICY ON MATERIAL RELATED PARTY TRANSACTION

All Material Related Party Transactions shall require prior approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

The explanatory statement for this purpose of such resolution should contain the particulars as stated under Rule 15 of the Company (Meetings of Board and its Powers) Rules, 2014 as amended from time to time.

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

7. 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.