



Almondz Related Party Transactions - Policy & Procedure

1. Introduction

Section 188 of the Companies Act, 2013 read with rules 15 and 16 of Companies (Meetings of Board and its Powers) Rules, 2014 and the Clause 49 of the Listing Agreement requires every listed company to establish a Policy on materiality and dealing with Related Party Transactions.

Accordingly, to ensure that certain Related Party Transactions (as defined below) are managed and disclosed in accordance with the strict legal and accounting requirements this policy has been adopted by Almondz's Board of Directors to define the procedures by which Related Party Transactions must be reported, reviewed, approved and managed.

2. Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged

3. Meaning of a "Related Party"

A 'related party' is a person or entity that is related to the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

1. A person or a close member of that person's family is related to a company if that person:
 - a. is a related party under Section 2(76) of the Companies Act, 2013; or
 - b. has control or joint control or significant influence over the company; or
 - c. is a key management personnel of the company or of a parent of the company; or

2. An entity is related to a company if any of the following conditions applies:
 - a. The entity is a related party under Section 2(76) of the Companies Act, 2013; or
 - b. The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
 - c. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
 - d. Both entities are joint ventures of the same third party; or
 - e. One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
 - f. The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company; or
 - g. The entity is controlled or jointly controlled by a person identified in (1).
 - h. A person identified in (1) (b) has significant influence over the entity (or of a parent of the entity); or

Explanation:

The term "control" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 which means-

"control" includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:

Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position;

"related party", under Section 2(76) of the Companies Act, 2013, 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 is a member or director;

(v) a public company in which a director or manager is a director or 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 company which is—

(A) a holding, subsidiary or an associate company of such company; or

(B) a subsidiary of a holding company to which it is also a subsidiary;

(ix) such other person as may be prescribed;

4. Dealing with Related Party Transactions

No Related Party Transaction can be entered into unless approved by the Audit Committee and the Board of Directors of Almondz.

Except for the transactions entered into by the company in its ordinary course of business on arms length, no contract or arrangement with related party shall be entered into except with the prior approval of the company by a special resolution with respect to—

(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:

All material Related Party Transactions not covered under a to g mentioned above shall also require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions.

A transaction with a related party shall be considered material if the transaction / transactions 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 of the company.

"All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

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 company and such approval shall be applicable in respect of transactions which are repetitive in nature.

b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;

c. Such omnibus approval 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 and (ii) 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 Rs.1 crore per transaction.

d. 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 approval 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".

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.

5. Consideration of Related Party Transactions

Any potential Related Party Transactions shall be reported to the Secreterial Department of Almondz for getting the same approved by the Audit Committee.

In considering a Related Party Transaction, the Audit Committee/Board shall consider such factors as it deems appropriate, including:

- (i) the business rationale for the Related Party Transaction;
- (ii) the commercial reasonableness of its terms;

- (iii) the materiality of the Related Party Transaction to Almondz
- (iv) whether its terms are (and will be perceived to be) fair to Almondz and on the same basis as would apply if the transaction did not involve a Related Party;
- (v) the extent of the Related Party's interest in the Related Party Transaction;
- (vi) if applicable, the impact (or perceived impact) of the Related Party Transaction on a director's independence;
- (vii) the actual, apparent or perceived conflict of interest of the Related Party participating in the Related Party Transaction; and
- (viii) the legal and regulatory requirements to be followed by Almondz in respect of the Related Party Transaction.

No director shall participate in the evaluation or approval of any Related Party Transaction for which he or she is a Related Party and will abstain from voting on the approval of the Related Party Transaction, except that the director shall provide all material information concerning the Related Party Transaction to the Board and may otherwise participate in some or all of the Audit Committee/Board's discussions if so requested.

If a Related Party Transaction will be ongoing, the Audit Committee/Board may, in its discretion, establish guidelines for Almondz management to follow in its ongoing dealings with the Related Party. Thereafter, the Audit Committee/Board shall periodically review and assess ongoing relationships with the Related Party to see that they are in compliance with the Audit Committee/Board's guidelines.