

AUCKLAND INTERNATIONAL LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

(Effective From October 1, 2014)

1. PREAMBLE:

AUCKLAND INTERNATIONAL LIMITED has adopted the policy on related party transactions on the recommendation of the audit committee in compliance with the provisions of Section 188 of the Companies Act, 2013 read with rules thereunder (including any subsequent amendment thereon) and Clause 49 of the Listing agreement.

2. OBJECTIVE:

This policy has been framed in compliance with the requirement under Clause 49(VII)(C) of the Equity listing agreement entered into with the stock exchange which mandates the formulation of a policy on materiality of related party transactions and also on dealing with Related Party Transactions.

3. DEFINITIONS:

- a) 'Audit Committee' means Committee of the Board constituted pursuant to Section 177 of the Companies Act, 2013 read with rules thereunder and the listing agreement.
- b) 'Arms length basis' means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- c) 'Board' means the Board of Directors of the Company.
- d) 'Company' means Auckland International Limited.
- e) "Key Managerial Personnel" mean Key managerial personnel of the Company in terms of the Act.
- f) 'Material Related Party Transactions' means a related party transaction which 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.
- g) "Related Party" means a related party as defined under the Act read with Clause 49 of the Listing agreement as amended from time to time.
- h) "Related party transaction" referred herein as "RPT" means a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.
- i) 'Relative' means a relative as defined under Section 2(77) of the Act read with rules thereunder.

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 as prescribed under Section 2(76) of the Act read with rules thereunder and Clause 49 of the Listing Agreement.

b) *Identification of related party transactions:*

The Company has formulated guidelines for identification of related party transactions as prescribed under Section 188 of the Act read with rules thereunder and Clause 49 of the Listing Agreement.

5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS:

i. **APPROVAL UNDER CLAUSE 49(VII) OF THE LISTING AGREEMENT:**

- *Approval of Audit Committee:*

All RPTs shall require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such 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, (ii) the indicative base price /current contracted price and the formula for variation in the price if any and (iii) 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. The 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"

➤ Approval of shareholders:

All material Related Party Transactions shall require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions.

ii. APPROVAL UNDER SECTION 188 OF THE COMPANIES ACT, 2013 READ WITH RULES THEREUNDER:

➤ Approval of Board of Directors:

As per the provisions of Section 188 of the Act read with rules thereunder, all kinds of transactions specified under the said section and which are not in the ordinary course of business or not at arm's length basis are placed before the Board for its approval.

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 should not be present at the meeting during discussions on the agenda item relating to such contract or arrangement.

➤ Approval of shareholders:

All kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business or not at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014 are placed before the shareholders for its approval through special resolution and the Related Parties shall abstain from voting on such resolution.

The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 shall 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 arrangement;
- (e) any other information relevant or important for the members to take a decision on the proposed resolution

6. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED:

In the event the Company becomes aware that any RPT is entered into by a director or any other employee, without being approved or ratified as per the terms of this policy such RPT shall be placed before the Audit Committee or Board of Directors or the Shareholders as may be required in accordance with this policy for review and ratification.

The Audit Committee or Board of Directors or the Shareholders shall thereafter consider all relevant facts and circumstances of such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision or termination of such transaction and the Company shall take such actions as the Audit Committee or Board of Directors or the Shareholders deems appropriate under the circumstances.

7. DISCLOSURES:

- The Company shall disclose in the Board's Report the details of transactions with related parties prescribed in Section 188(1) of the Act in Form AOC-2.
- The details of Material Related Party Transactions shall also be disclosed to the Stock Exchange quarterly along with the Compliance report on Corporate Governance.
- The Policy on Related Party Transactions shall be disclosed on the Company's Website and its weblink shall be provided in the Annual Report.

8. AMENDMENT IN LAW:

The Audit Committee of the Board reserves the power to review and amend this policy from time to time. Further any subsequent amendment/modification in the listing agreement and/or any applicable law in this regard shall automatically apply to this policy.