



AMBUJA CEMENTS LIMITED
RELATED PARTY TRANSACTION POLICY

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1. Preamble

The Board of Directors (the "Board") of AMBUJA CEMENTS Ltd (the "Company"), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time.

This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable on the Company.

2. Purpose

This policy is framed as per the requirements of Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s) / re-enactment(s) thereof] ("**SEBI LODR**") and in terms of Section 188 of the Companies Act, 2013 and is intended to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

3. Definitions

"Act" shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

"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. For determination of Arm's Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

"Audit Committee or Committee" means "Audit Committee" constituted by the Board of Directors of the Company under provisions of SEBI LODR and Companies Act, 2013 as amended from time to time.

"Associate Company" means any other Company, in which the Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a joint venture company.

Explanation – For the purpose of this clause

“significant influence” means control of at least twenty per cent of total share capital, or business decisions under an agreement.

“Board of Directors” or “Board” means the Board of Directors of the Company, as constituted from time to time.

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“Material Related Party Transaction” shall mean:-

- (i) Any Transaction with a Related Party shall be considered as material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds Rs 1000 crore or 10% of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower.
- (ii) Any transaction involving payment to a Related Party with respect to brand usage or royalty entered into individually or taken together with previous transactions during a financial year, materiality threshold shall be 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- (iii) Transactions with a Related Party covered under Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014 exceeding the limits provided under the Companies Act, 2013.

All Material Related Party Transactions and subsequent material modifications as defined by the audit committee shall be placed for prior approval of the shareholders through resolution and no related party shall vote on such resolution, whether the entity is a related party to the particular transaction or not.

“Material modification”

Material Modification shall mean:-

- (i) any change in the transaction value exceeding 20% of the already approved transaction value.
- (ii) Any modification in significant terms and conditions of the contract with a

related party such as price, alteration to the credit period, changes in scope of deliverables under a contract etc.

- (iii) Any other modifications, which as per the directions of Audit Committee may deemed to be material on case to case basis.

All subsequent material modification in related party transactions shall require prior approval of the Audit Committee and shareholders.

"Policy" means Related Party Transaction Policy.

"Related Party" means related party as defined under Section 2(76) of the Companies Act, 2013 and the rules framed thereunder or under the applicable accounting standards:

Provided that :

- a) any person or entity forming a part of the promoter or promoter group of the listed entity or
- b) any person or any entity, holding equity shares :
 - i) of twenty per cent or more : or
 - ii) of ten per cent or more, with effect from April 1, 2023:

in the listed entity either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year;
shall be deemed to be a related party;

"Related Party Transaction or transaction" means a transaction involving a transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;

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 the following shall not be a related party transaction:

(a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

- i. payment of dividend;
- ii. subdivision or consolidation of securities;
- iii. issuance of securities by way of a rights issue or a bonus issue; and
- iv. buy-back of securities.

(c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

4. Policy and Procedure

- **Policy**

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this policy.

- **Procedures**

A. Identification of Related Party Transactions

Every director shall at the beginning of the financial year provide information by way of written notice to the company regarding his concern or interest in the entity with specific concern to parties which may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this policy. Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party

according to this policy.

The Company will identify potential transactions with Related Parties based on written notices of concern or interests received from its Directors / Key Managerial Personnel in the manner prescribed in the Companies Act, 2013 and the rules thereunder.

B. Review and approval of Related Party Transaction

» Audit Committee

- Every Related Party Transaction shall be subject to the prior approval of the Audit Committee.
- The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company which are repetitive in nature subject to compliance of the conditions contained in the Companies Act, 2013 and SEBI LODR as amended from time to time.

The Committee shall also satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.

If any additional Related Party Transaction is to be entered by the Company post omnibus approval granted by the Audit Committee, then the Company shall present such transaction before the Audit Committee in its next meeting for its prior approval.

- The Audit Committee shall also review the statement of significant related party transactions submitted by management as per its terms of reference.
- Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.
- To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions.

- o The Audit Committee shall recommend the Related Party Transactions for approval of Board of Directors / Shareholders as per terms of this policy.

- » **Approval of the Board and the Shareholders**

- o All Related Party Transactions (other than Material Related Party Transactions) which are not in the ordinary course of business or not at the arm's length price shall require prior approval of the Board of Directors of the Company. Where any director is interested in any Related Party Transaction, such director will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction.

Further, all such related party transactions exceeding threshold limits prescribed in the Act **as per Annexure 1** shall also require prior approval of shareholders of the Company by way of Ordinary Resolution and related party/ies shall abstain from voting on such resolution.

- o All the Material Related Party Transactions shall require prior approval of the Board and shareholders through Ordinary Resolution and the Related Party/ies shall abstain from voting on such resolution whether the said related party/ies is/are a party/ies to the particular transaction or not.

Provided that the aforesaid requirements 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.

Provided that the Material Related Transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval shall not require approval of the shareholders.

5. Transactions which do not require approval

Any transaction in which the Related Party's interest arises solely from ownership

of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

6. Related Party Transactions not approved under this Policy

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Committee. The Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction. The Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

7. Disclosures

- o Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.
- o Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- o The Company Shall submit within such time as per the statutory provision, prevailing from time to time, from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.
- o The Company shall disclose policy on dealing with Related Party Transactions on its website and also in the Annual Report.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

8. Policy Review

This policy is framed based on the provisions of the Companies Act, 2013, and rules thereunder and the requirements of the SEBI LODR.

In case of any subsequent changes in the provisions of the Companies Act, 2013 and SEBI LODR or any other regulations ("the Regulations") which makes any of

the provisions in the policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the policy would be modified in due course to make it consistent with the Regulations.

The Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in the 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. Provided that this policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

ANNEXURE 1

Transactions that, require prior approval of Shareholders of the Company, as prescribed under rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, includes the transactions/contracts/ arrangements as follows :

As contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of Section 188, with criteria as mentioned below –

- 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 , as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
- 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 , as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
- Leasing of property any kind amounting to ten per cent or more of the turnover of the company, as mentioned in clause (c) of sub-section (1) of section 188;
- Availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188:

These limits shall however, apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
