

THE ANDHRA PETROCHEMICALS LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

Clause 49 (vii) of the Listing Agreement with Stock Exchange requires every listed company to formulate a policy on **materiality of Related Party Transactions and on dealing with Related Party Transactions**. Accordingly The Andhra Petrochemicals Limited (“the Company”) establishes a policy on materiality of Related Party Transactions and on dealing with Related Party Transactions.

1. **DEFINITIONS:**

- a) **Related Party Transaction** : A Related Party Transaction (RPT) is a transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged or not.

Explanation: A “transaction” with a Related Party shall be construed to include a single transaction or a group of transactions in a contract.

- b) **Related Party** : An entity shall be considered as related to the Company if -- (a) such entity is a Related Party under Section 2 (76) of the Companies Act, 2013, or, (b) such entity is a Related Party under the applicable Accounting Standards.
- c) **Material Related Party Transaction**: A transaction with a Related Party shall be considered as Material Related Party Transaction if the transaction / transactions to be entered into individually or taken together with previous transactions during a Financial Year, exceeds 10% of the annual turnover of the Company as per the last audited financial statements of the Company.
- d) **Year**: Commences from 1st April of a year to 31st March of the next year.

2. **APPROVAL OF AUDIT COMMITTEE:**

All Related Party Transactions 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 transactions are repetitive in nature
b) Name of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into are specified
c) Indicative base price / current contracted price and the formula for variation in the price if any is specified

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 (Rupees one crore only) per transaction.

- d) Audit Committee shall review at least on a quarterly basis the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
- e) Omnibus approvals shall be valid for a period not exceeding one year from 1st April of the year to 31st March of the next year and shall require fresh approvals after the expiry of such year.

3. **APPROVAL OF THE SHAREHOLDERS:**

In respect of all Material Related Party Transactions, approval of the shareholders through a Special Resolution is required and all the related parties shall abstain from voting on such Resolution.

4. **DISCLOSURES:**

The Disclosures pertaining to Related Party Transactions by Directors / Key Managerial Personnel (KMP)/ Company shall be made from time to time to the relevant authority as required by the provisions of Listing Agreement and the Companies Act, 2013.

The Board / Audit Committee / Managing Director shall have the right to make necessary modifications in this Policy as may be deemed appropriate or as required by any statute from time to time. In the event the required changes are effected by the Managing Director, the same shall be placed before the Board / Audit Committee for its information and review.

This Policy on Related Party Transactions was placed at the Board Meeting held on 27.3.2015.

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