Policy on Materiality of Related Party Transactions

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

BACKGROUND

In terms of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements*) ("Listing Regulations")* every listed entity shall formulate a Policy on materiality of Related Party Transactions and dealing with the related party transactions. So considering the requirements, the Company has enacted a Policy on Materiality of Related Party Transactions and dealing with the Related Party Transactions *("Policy")* in line with Listing Regulations and Companies Act, 2013.

OBJECTIVE

This policy has been framed to deal with various related party transactions which includes but not limited to material Related Party Transactions or Transaction which are not in the ordinary course of business or on an Arm's Length basis.

This policy aims to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders. This policy deals with identification of the Related Parties, materiality threshold for related party transactions and the manner of dealing with the transactions with Related Parties by the Company keeping in view the provisions of the Act and Listing Regulations

DEFINITIONS

"Materiality of Related Party Transactions" means a transaction with a Related Party if the transaction(s) 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

'Related Party' will have the same meaning as defined under Section 2(76) of the Act or under the applicable Accounting Standards, as may be amended from time to time.

"Relative" in relation to the related party shall have the same meaning as defined in Section 2(77) of the Companies Act, 2013 read with Rule 4 of The Companies (Specification of definition details) Rules, 2014

"Related Party Transaction" means

- for the purpose of the Act, specific transactions mentioned in clause (a) to (g) of subsection 1 of Section 188;
- for the purpose of Listing Regulations, transfer of resources, services or obligations between a listed entity Related Party, regardless of whether price is charged and a transaction with the related party shall be construed to include a single transaction or a group of transaction in a Contract.

Any other term not specifically defined hereinabove shall have the same meaning as defined under the Act, SEBI (Listing Obligations and Disclosure Requirement) Regulations, the Listing Agreement, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

IDENTIFICATION OF RELATED PARTIES

The company has devised a proper mechanism for the identification and updating the list of related parties. Each director and Key Managerial Personal is responsible for providing relevant disclosures to the Board or Audit Committee relating to the concern or interest in any company/ companies or

bodies corporate, firms or the other association of individuals which shall include shareholding. Such notice shall be provided to the company at the time of appointment and also at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made.

MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

Review and approval of Audit Committee:

In terms of Regulation 23 of Listing Regulation, prior approval of the Audit Committee is required for entering into transactions with related parties. Any member of the Committee who is in any way concerned or interested in any Related Party Transaction, shall remain abstain from discussion and voting on any such resolution. Further on regular basis the transactions entered by the Company with the related parties which are in the ordinary course of business and on Arm's Length basis shall be placed before the committee on quarterly basis for its ratification.

However the Audit committee may grant omnibus approval In case of frequent/ regular/ repetitive transactions with related parties which are in the normal/ ordinary course of business of the Company. While granting such approval the Audit Committee shall satisfy itself regarding the need for the omnibus approval and that same is in the interest of the Company.

The omnibus approval shall specify the following:

a. Name of the related party
b. Nature of the transaction
c. Period of the transaction
d. Maximum amount of the transactions that can be entered into
e. Indicative base price / current contracted price and formula for variation in price, if any
f. Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied/ amended. Any proposed variations/ amendments to these factors shall require a prior approval of the Committee.

Further, where the need of the related party transactions cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the limits as envisaged in the Listing Regulation, from time to time. Further, the Committee shall on quarterly basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

Approval by the Board:

The Related Party transactions as specified under Section (1) of the Section 188 of Act, which are not in the ordinary course of business and on an Arm's Length basis, shall require approval of the Board. Further If the Committee is of the view that certain Related Party Transaction(s) should be brought before the Board or if the Board in any case elects to review any such matter or it is specifically provided under any other provision of the Act to be passed by the Board, then the Board shall consider and approve such Related Party Transactions.

Where any Director is interested in any Contract or Arrangement with a related party, such Director shall not be present at the meeting during the discussions on the subject matter of the resolution relating to such contract or arrangement.

Approval of Shareholders:

a) All Material Related Party Transactions shall require approval of the shareholders through a resolution and the Related Parties shall abstain from voting on such resolution (for the purpose of Listing Regulations).

b) All the related party transaction(s) to be entered into in terms clauses (a) to (e) of subsection 1 of Section 188 the value/ consideration of which is in excess of their respective limits specified under Rule 15(3) of the Companies (Meetings of Board and its Powers) Rule, 2014 other than Transactions specified in the Para (a) above and the transactions which are in ordinary course of business and on Arm's Length basis shall require approval of the shareholders. No member of the Company shall vote on any resolution involving a transaction if such member is a related party.

Related Party Transactions not previously approved:

If at any instance, the Company becomes aware of a Related Party Transaction that has not been approved or ratified, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification/approval.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances in respect of any such transaction(s) 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 action as the Committee / Board deems appropriate under the circumstances.

DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

The Company shall make appropriate disclosures/ reporting with respect to related party transactions, as per the applicable provisions of the Act and Listing Regulations.

The Company shall also maintain relevant register(s) for recording particulars of all such transactions, contracts or arrangements with the related parties as per the relevant provisions of the Act.

AMENDMENT

Any change in the Policy shall be approved by the Board of the Company. The Board shall have the right to withdraw and/ or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

In case any provisions of the Policy are contrary to or inconsistent with the provisions of the Companies Act, 2013, rules framed thereunder and Listing Regulations ("Statutory Provisions"), the provisions of Statutory Provisions shall prevail.

DISSEMINATION OF THE POLICY

The policy shall be hosted on the website of the Company i.e. https://www.aimtron.in

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Effective Date: 01/11/2023
Date of Approval by Board of Directors: 01/11/2023