

# AIK PIPES AND POLYMERS LIMITED

## **Policy on Related Party Transactions**

[Pursuant to Section 188 of Companies Act, 2013 and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time]

## 1. Preface:

In line with Section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations, 2015, this policy has been adopted by the Board of Directors of AIK Pipes and Polymers Limited to ensure that all related party transactions are conducted in a fair, transparent, and arm's length manner, and in the best interests of the Company and its shareholders. The policy sets out a defined framework for identifying, reviewing, and approving related party transactions, and is subject to periodic review and amendment by the Audit Committee to ensure continued compliance with applicable laws and governance standards.

## 2. Scope and Purpose of the Policy:

This Policy applies to all transactions entered into with Related Parties, as defined under the Companies Act, 2013, SEBI (LODR) Regulations, 2015, and applicable accounting standards, as amended from time to time.

The Policy covers both individual transactions and a series of transactions, whether undertaken directly or indirectly, and regardless of whether they are in the ordinary course of business or at arm's length. The objective is to ensure such transactions are appropriately identified, reviewed, approved, and disclosed in accordance with applicable legal provisions and the Company's internal governance framework.

This Policy applies across all business units and departments involved in initiating, reviewing, or approving transactions with Related Parties.

## 3. Definitions:

- i. **"Act"** means the Companies Act, 2013, as amended from time to time and the rules made thereunder.
- ii. **"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.
- iii. **"Board of Directors" or "Board"** means the Board of Directors of the Company, as constituted from time to time.
- iv. **"Company"** means AIK Pipes and Polymers Limited.
- v. **"Listing Regulations"** means Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

- vi. **Material Modification(s)**” in terms of SEBI (LODR) Regulation means any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% (twenty percent) or more, in the relevant previously approved related party transaction.
- vii. **Material Related Party Transaction(s)**” means an RPT with thresholds as prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- viii. **Policy**” shall mean this Policy for Related Party Transactions of the Company.
- ix. **Related Party**” means a related party as defined under sub-section (76) of section 2 of the Act or under the applicable accounting standards:  
Provided that:  
any person or entity forming a part of the promoter or promoter group of the listed entity;  
or any person or any entity, holding equity shares of ten per cent or more, in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Act, at any time, during the immediate preceding financial year; shall be deemed to be a related party.
- x. **Related party transactions**” means a transaction involving a transfer of resources, services or obligations between:
  - a) 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
  - b) 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, 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:

#### 4. Identification of Related Parties & Related Party Transactions:

Every promoter, director and key managerial personnel (KMP) of the Company shall

- a. at the time of appointment;
  - b. periodically – as required by the Company or applicable law
  - c. whenever there is any change in the information already submitted,
- provide requisite information about his / her Relatives and all firms, companies, body corporates, or other association of individuals, in which such promoter, director or KMP is interested, whether directly or indirectly, to the Company. Every such promoter, director and KMP shall also provide any additional information about the transaction, that the Board /Audit Committee may reasonably request.

## 5. Policy and Procedure:

- **Policy:**

All Related Party Transactions where the Company is a party to such transactions, must be reported to the Audit Committee and referred for approval by the Committee in accordance with this policy.

- **Procedure for Approval of Related Party Transactions:**

**Approval of Audit Committee:**

All Related party transactions and subsequent material modifications, shall require prior approval of the audit committee of the Company. However, only those members of the audit committee, who are independent directors shall approve related party transactions.

Audit Committee may grant **omnibus approval** for related party transactions proposed to be entered by the company subject to the following conditions:

- a) The audit committee shall lay down the criteria for granting of omnibus approval in line with the policy and such approval shall be applicable in respect of the transactions which are repetitive in nature.
- b) The audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the company.
- c) The omnibus approval shall specify:
  - (i) Details of transaction(s) requiring omnibus approval;
  - (ii) Need for such omnibus approval;
  - (iii) Explanation as to how the transaction(s) is in the interest of the company.
- d) The audit committee shall review, at least on a quarterly basis, the details of related party transactions entered pursuant to such omnibus approvals 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 the Board of Directors of the Company**

As per the provisions of Section 188 of the Act, 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.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- a) Transactions which may be in the ordinary course of business and at arm's length basis, but which are, as per the Policy, determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- b) Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;

- c) Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval;
- d) Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval.

#### **Approval of Shareholders:**

All material related party transactions and subsequent material modifications shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

#### **When will a transaction with a related party be material?**

- a transaction with a related party shall be considered material, if, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, **exceeds Rs.50 crore or 10% of the annual consolidated turnover of the listed entity** as per the last audited financial statements of the listed entity, whichever is lower.
- A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, **exceeds 5% of the annual consolidated turnover** of the listed entity as per the last audited financial statements of the listed entity.

### **6. Transactions which do not require approval:**

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (ICDR) Regulations, 2018;
- (b) the following corporate actions 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) retail purchases from listed entity by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.
- (d) The remuneration and sitting fees paid by the Company to its director, key managerial personnel or senior management, except who is part of promoter or promoter group provided that the same is not material in terms of the provisions of Regulation 23(1) of SEBI (LODR) Regulation.

## **7. 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 Audit Committee. The Audit Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification (subject to terms of this Policy), revision or termination of the Related Party Transaction. The Audit Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

## **8. Disclosure:**

The Company shall submit information related to RPTs to the stock exchanges every six months, in the format specified by the Listing Regulation, simultaneously with the publication of financials.

In accordance with the requirement under the Act, Company will disclose details of the policy on the website of the Company and a web link thereto shall be provided in the annual report.

## **9. Policy Review:**

The Audit Committee reserves its right to review and amend any of the provisions of this policy, substitute any of the provisions with a new provision or replace this policy entirely with a new Policy as and when they feel required.