

# **APM INDUSTRIES LIMITED**

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## **POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS**

### **1. PURPOSE**

This policy aims to determine the materiality of Related Party Transactions ('RPTs') and to deal with RPTs of APM Industries Limited (the 'Company').

This policy is prepared in accordance with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') as amended and Section 177 and 188 of the Companies Act, 2013 (the 'Act') read with the Rules made thereunder.

### **2. APPROVALS AND REVIEW**

a) All RPTs including any modification/ renewal thereof shall require prior approval of the Audit Committee (the 'Committee').

b) The Committee shall grant omnibus approval for RPTs proposed to be entered into by the Company, subject to the following conditions:

- (i) The proposed RPTs are repetitive in nature and the Committee is satisfied that such omnibus approval is in the interest of the Company;
- (ii) Omnibus approval shall be granted for RPTs on the basis of the following criteria:
  - a. Maximum value per transaction in a financial year shall not exceed 10% of the turnover on the basis of audited consolidated financial statements of the Company for the preceding financial year.
  - b. RPTs which cannot be foreseen and where the details prescribed in the criteria for seeking omnibus approval are not available, the Committee may grant omnibus approval upto Rs. 1 crore per transaction.
- (iii) The Committee shall prescribe the following:
  - a. Disclosures to be made to the Committee at the time of seeking omnibus approval;
  - b. Periodicity of review of RPTs entered into by the Company pursuant to the omnibus approval;
  - c. Transactions which shall not be allowed under the omnibus approval route;
  - d. Period of validity of omnibus approval which shall not exceed one financial year.

c) Every RPT which is 'Material' as defined in Para 3 of this Policy, shall require approval of the shareholders. No Related Parties shall vote to approve the relevant transaction, irrespective of whether they are party to the particular transaction or not.

d) All RPTs prescribed under Section 188 of the Act which are either not in the ordinary course of business or are not at arm's length basis, shall require prior approval of:

- (i) Board; and
- (ii) Shareholders, if amount of such transactions exceeds the limits prescribed in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014. No Related Party shall vote to approve such transaction.

e) All RPTs including RPTs approved through omnibus approval, shall be reviewed post facto by the Committee. The Committee shall be informed whether the RPTs have been entered into in the ordinary course of business and on arm's length basis.

### **3. MATERIAL RELATED PARTY TRANSACTIONS**

Pursuant to the provisions of Regulation 23 of the Listing Regulations, a transaction with a related party shall be considered 'Material' if the transaction to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Pursuant to the provisions of Regulation 23(1A) of the Listing Regulations, 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 2% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

### **4. TRANSACTIONS WITH WHOLLY OWNED SUBSIDIARIES**

Provisions of Para 2 [c & d(ii)] of this Policy shall not be applicable to any transaction with a wholly-owned subsidiary whose accounts are consolidated with the accounts of the Company and placed before the shareholders at the general meeting for approval.

### **5. DISCLOSURES**

a) Particulars of RPTs shall be disclosed in such manner as may be prescribed under the Listing Regulations and/or the Act (including rules made thereunder), from time to time.

b) This Policy shall be disclosed on the Company's website [www.apmindustries.co.in](http://www.apmindustries.co.in) and a web link thereto shall be provided in the Annual Report of the Company.

### **6. REVIEW / AMENDMENT**

The Board shall review the Policy at least once in every three years. The Board may amend, abrogate, modify or revise any or all provisions of this Policy. However, amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.