



**ASM TECHNOLOGIES LIMITED**

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

(Amended and effective April 1, 2023)

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## 1. Introduction

Security and Exchange Board of India (“SEBI”) has mandated every listed Company to formulate a “Policy on materiality of related party transactions and on dealing with related party transactions” (the “Policy”).

Accordingly, ASM Technologies Limited (the “Company”) adopted this Policy on materiality of related party transactions and on dealing with related party transactions. This Policy regulates all transactions between the Company and its Related Parties.

Further, this policy is framed in line with the requirements of Section 188 of the Companies Act, 2013 (“Act”) and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) 2015 (“SEBI Listing Regulations”).

The Board of Directors of the Company (“Board”) on recommendation of the Audit Committee of the Company shall review the Policy once in three years and may amend the same from time to time.

## 2. Definitions

“**Act**” means Companies Act, 2013, rules framed thereunder and includes any amendments 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 question of conflict of interest.

“**Material Modification**” means any modifications to the material related party transactions which were approved by the Audit Committee or Shareholders during the year which will change the complete nature of the transaction and in case of monetary thresholds which is in excess of 20% of the originally approved transaction.

“**Material Related Party Transaction**” shall have the same meaning as defined in Regulation 23 of the SEBI Listing Regulations.

“**Related Party Transaction or RPT**” in relation to the Company means a transaction with a Related Party under the relevant provisions of the Act, SEBI (LODR) Regulations, 2015 or any relevant Indian accounting standards, as amended from time to time.

**“Transaction”** shall be construed to include single transaction or a group of transactions in a contract.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI Listing Regulations, applicable Accounting Standards or any other applicable law or regulation.

### **3. Purpose**

**The purpose of the policy is to:**

- ✓ Ensure compliance with regulatory provisions under the Act, SEBI Listing Regulations, governing Related Party Transactions and any other legislation if any, both in letter and spirit.
- ✓ Upheld highest standard of Corporate Governance, transparency, probity and ethical standards in all dealings of the Company with Related Parties such that its reputation is well protected and to enjoy highest level of trust and confidence of investors, regulatory authorities and all other stakeholders.
- ✓ Seek necessary approvals of the Audit Committee/Board/Shareholders, as may be necessary, after providing necessary information to them in the prescribed manner and outline the procedures for identification, review, disclosure, and reporting of such transactions.

### **4. Policy**

All related party transactions and subsequent material modifications shall require prior approval of the audit committee. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions, whether at a meeting or by resolution by circulation or any other manner as provided by the Companies Act, 2013 and Rules made thereunder or by Secretarial Standards.

Further, following transactions shall require prior approval of audit committee:

- a) a related party transaction to which the subsidiary of a Company is a party but the Company itself is not a party to the transaction, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds

ten (10) percent of the **annual consolidated turnover**, as per the last audited financial statements of the Company.

- b) with effect from 01<sup>st</sup> April 2023, a related party transaction to which the subsidiary of a Company is a party but Company itself is not a party to transaction, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten percent (10) of the **annual standalone turnover**, as per the last audited financial statements of the subsidiary.
- c) prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party, but the Company is not a party, if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (c) above, the prior approval of the audit committee of the listed subsidiary shall suffice.

## **5. Identification of Related Party**

Every Director and Key Managerial Personnel of the Company shall be responsible for providing a list of his / her Related Parties as defined under Section 2(76) of the Companies Act, 2013 to the Company Secretary of the Company on an annual basis.

Every Director and the Key Managerial Personnel shall be responsible to update to the Company Secretary of any change(s) in the above list immediately on him/her becoming aware of such change(s).

The Board shall take note of such disclosure of interests and maintain database of Company's Related Parties and shall ensure that no transaction is entered into in violations of the Act, rules made thereunder and SEBI Listing Regulation.

## **6. Identification of Related Party Transaction(s)**

The Audit committee or Compliance officer or Chief Financial Officer or any other person as identified by the Board from time to time, shall be responsible to determine whether a transaction indeed constitute a Related Party Transaction in terms of the provisions of the Act, the SEBI

Listing Regulations and applicable Accounting Standards and shall seek necessary approval(s) prior to entering into the Related Party Transaction in terms of the Policy.

In the case the above-mentioned persons are unable to determine whether a transaction indeed constitute a Related Party Transaction in terms of the aforementioned applicable provisions, the board may consult the expert in the specific area whom the board may think fit.

In addition to the transaction involving a transfer of resources, services or obligations between the Company and the Related party of the Company, transactions involving a transfer of resources, services or obligations between the following parties shall also be identified as Related Party Transactions:

	a Subsidiary of the Company and a Related Party of the Company	w. e. f April 01, 2022
	the Company and a Related Party of a Subsidiary	
	a Subsidiary and a Related Party of the Subsidiary	
	the Company and any other person/entity, purpose and effect of which is to benefit a Related Party of the Company	w. e. f April 01, 2023
	the Company and any other person/entity, purpose and effect of which is to benefit a Related Party of the Subsidiary	
	a Subsidiary and any other person/entity, purpose and effect of which is to benefit a Related Party of the Company	
	A Subsidiary and any other person/entity, purpose and effect of which is to benefit a Related Party of the Subsidiary	

In order to determine potential related party transactions, the Company shall at the beginning of a financial year, obtain from its Subsidiaries:

List of its related parties.

List of transaction(s) proposed to be entered into by the Subsidiary Company with related parties of the Company during the financial year. The Company shall share with its subsidiaries, list of its related parties to enable the Subsidiary Company for the same.

The Subsidiary(ies) shall be required to provide updated lists, as and when there is a change in aforementioned lists.

Both, the Company and the Subsidiary of the Company shall ensure that due approvals of the Audit Committee/Shareholders of the Company (refer Section on 'Approval of RPTs' given ahead) are in place before undertaking transactions with related parties of either of the companies.

Additionally, with effect from April 01, 2023, both the Company and the Subsidiary shall also ensure that due approvals of the Audit Committee/ Shareholders of the Company are in place before undertaking transactions with any person/entity, the purpose and effect of which is to benefit a related party of either of the companies

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.

## **7. Omnibus Approval by the Audit Committee**

As per the terms of reference approved by the Board, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company. The audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature. The Audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company. The omnibus approval shall specify:

- i. the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
- ii. the indicative base price / current contracted price and the formula for variation in the price, if any; and
- iii. such other conditions as the Audit Committee may deem fit.

Further, 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 Rupees One (1) Crore per transaction.

The audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.

Such omnibus approvals shall be valid for a period not exceeding one (1) year and shall require fresh approvals after the expiry of one (1) year.

For the transactions and subsequent material modifications which are considered as not in ordinary course of business and/or not at the arm's length basis, approval of Board of Directors of the Company would also be obtained along with approval of the Audit Committee.

## **8. Materiality Thresholds**

Regulation 23 of the SEBI Listing Regulation requires the Company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of a resolution. The Company has fixed its materiality thresholds as prescribed under proviso to Regulation 23(1) of the SEBI Listing Regulation and Act, rules made there under from time to time.

## **9. Transactions requiring approval of Audit Committee:**

All Related Party Transactions and Subsequent Material Modifications shall require prior approval of the Audit Committee and only those members of the Audit Committee who are Independent Directors shall approve the Related Party Transactions.

Provided that a Related Party Transaction to which the subsidiary of the Company is a party, but the Company is not a party shall require prior approval of the Audit Committee only if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year, exceeds the following thresholds or such other thresholds as prescribed under SEBI LODR Regulations from time to time:

- ✓ 10% of annual consolidated turnover, as per the last audited financial statements of the Company for FY 2022-23.
- ✓ 0% of annual standalone turnover, as per the last audited financial statements of the respective subsidiary from FY 2023-24 onwards.



A prior approval of the audit committee shall not be required for a related party transaction to which the listed subsidiary is a party, but the listed entity is not a party, only if regulation 23 and sub-regulation (2) of regulation 15 of the Regulation are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the audit committee of the listed subsidiary shall suffice.

## **10. Approval of the Board of Directors**

The following transactions will require approval of the Board of Directors:

- ✓ All related party transactions in excess of limit specified under the Act and rules made there under.
- ✓ Transactions with related party which are not in the Ordinary Course of Business or not at Arms' Length.
- ✓ All the material related party transactions as laid down in Clause 8 of the Policy, which are intended to be placed before the shareholders for approval.
- ✓ 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;
- ✓ 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;

In addition to the above all Related Party Transactions approved by the Audit Committee may be noted by the Board at the meeting of Board of Directors. Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

## **11. Approval of shareholders of the Company**

All material Related Party Transactions, whether in ordinary course of business and/or arm's length basis or not and subsequent material modifications, shall require prior approval of the Board and shareholders, and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

RPTs exceeding the limits prescribed under the Act and not in ordinary course of business and/or arm's length basis, shall require prior approval of the Board and shareholders, respectively.

The approval of Audit Committee and Shareholders of the Company for following related party transactions shall not be required:

- ✓ transactions entered into between the company and its wholly owned subsidiary whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.
- ✓ transactions entered into between two wholly owned subsidiaries of the company, whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.

Further, All existing material related party contracts or arrangements entered into prior to the date of notification dated 9<sup>th</sup> November 2021 and Amended SEBI Listing Regulation and which may continue beyond such date i.e 01<sup>st</sup> April 2022 shall be placed for approval of the shareholders in the first General Meeting subsequent to notification of these regulations.

## **12. Related Party Transactions not approved under this Policy**

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy, 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.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction 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, or the Board may deem appropriate under the circumstances.

## **13. Disclosure and reporting**

Appropriate disclosures as required under the Act and the SEBI Listing Regulations shall be made in the Annual Return, Board's Report and to the Stock Exchanges. The Policy shall also be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

#### 14. Review

Any subsequent amendment/modification in the Act or the Rules framed thereunder or the SEBI Listing Regulation and/or any other laws in this regard the statutes would prevail over the Policy and shall automatically apply to this Policy. The Board of Directors on recommendation of the Audit Committee shall review the policy atleast once in every three years. However, the Board of Directors reserves its right to amend or modify the policy in whole or in part, at any time without assigning any reason whatsoever.

##### Notes:

Turnover/Net worth shall be computed based on the audited financial statement of the preceding financial year.

As per the provisions of section 188 of the Companies Act, 2013, in case of transactions entered with wholly owned subsidiary, the resolution is passed by the holding company shall be sufficient.

Approval under SEBI (LODR) Regulations need not be taken for the RPTs entered between the Holding Company and its Wholly Owned Subsidiary whose accounts are consolidated with the Holding Company.

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**Note:** This policy has been approved by the Board of Directors of the Company at their meeting held on 8<sup>th</sup> February 2023 and shall be effective from 1<sup>st</sup> April 2023.