

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

1. INTRODUCTION AND BACKGROUND

The Board of Directors of **Aggcon Equipments International Limited** ("the Company"), has adopted this policy on March 13, 2025, in terms of the Regulation 23(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations) and Section 188 of the Companies Act, 2013.

2. DEFINITION

- a) **Act** means Companies Act, 2013, as amended from time to time.
- b) **Associate Company** in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence, and includes a joint venture company.
- c) **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. For determination of Arm's Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.
- d) **Audit Committee or Committee** means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under provisions of the Companies Act 2013.
- e) **Board** means Board of Directors of the Company;
- f) **Independent Director** means a Director of the Company, as appointed in terms of Section 149 of the Companies Act 2013 and who also qualifies as Independent Director in terms of the Regulations.
- g) **Key Managerial Personnel in relation to a company, means—**
(i) Chief Executive Officer or the Managing Director or Whole Time Director or Manager;
(ii) Company Secretary;
(iii) Chief Financial Officer; and
(iv) Such other officer of the Company as may be prescribed by the Ministry of Corporate Affairs (MCA) from time to time.
- h) **Material Related Party Transaction** shall have the same meaning as defined in Regulation 23 of the SEBI Listing Regulations as amended from time to time.
- i) **Ordinary Course of Business** means a transaction which/ wherein:
 - is carried out in the normal course of business envisaged in accordance with the Memorandum of Association ('MoA') of the Company as amended from time to time, or
 - is as per historical practice with a pattern of frequency, or
 - is in connection with the normal business carried on by the Company, or
 - the income, *if any*, earned from such activity/ transaction is assessed as business income in the Company's books of accounts and hence is a business activity, or

- is common commercial practice, or
- meets any other parameters/ criteria as decided by the Board/ Audit Committee.

j) Regulations means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

k) Relative shall have the meaning ascribed to it under the Act.

l) Related Party shall have the same meaning as defined under the Act.

m) Related Party Transaction ("RPT") shall have the same meaning as defined under section 188(1) of the Act and applicable provision of the regulation.

n) Material Modifications means any modification made in the value/exposure of any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee and/or shareholders, which has the effect of variation in the approved value of the transaction, by 25% or more or by which the transaction ceases to be in ordinary course and/ or on arm's length basis or such other parameter as may be determined by the Audit Committee from time to time.

3. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS AND SUBSEQUENT MATERIAL MODIFICATIONS

All Related Party Transactions and subsequent material modifications to be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy. Only those members of the Audit Committee, who are independent directors, shall approve related party transactions.

3.1 Identification of Related Parties

Each Director and Key Managerial Personnel is responsible for providing notice to the Board & Audit Committee regarding persons and entities to be considered as "Related Party" by virtue of his/ her being Director/ KMP in the entity or holding certain shareholding percentage. Such notice shall be provided to the company at the time of appointment and also at the time of the first board meeting in every financial year and whenever there is any change in the disclosures already made.

3.2 Identification of Related Party Transactions and/ or Material modifications of Related Party Transactions

The Company shall identify related party transaction or material modification in the related party transactions approved in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the SEBI Listing Requirements. The Company shall determine whether the transaction is in the ordinary course of business and at arm's length basis.

3.3 Procedure for approval of Related Party Transactions

3.3.1 Approval of the Audit Committee

3.3.1.1 All related party transactions and subsequent material modifications require prior approval of the Audit Committee. Only Members of the Audit Committee, who are independent directors, shall approve related party transactions.

3.3.1.2 A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the Audit Committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the listed entity.

Provided that prior approval of the Audit Committee of the Company shall not be required for RPTs where a listed subsidiary of the Company is a party but the Company is not a party, if regulation 23 and 15 (2) of SEBI LODR are applicable to such listed subsidiary.

3.3.1.3 The Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliance of the conditions contained in the Companies Act, 2013 and SEBI LODR as amended from time to time.

The Company shall place following information/ documents before the Committee for its consideration of request for omnibus approval of Related Party Transactions:

- 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

The omnibus approval shall be valid for a period of one year from the date of approval.

Where the need for related party transaction(s) cannot be foreseen and specific details are not available, audit committee may grant omnibus approval for such transaction(s), subject to value of such transactions not exceeding INR 1 Crore per transaction.

The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

3.3.1.4 Notwithstanding anything to the contrary in this Policy, the members of the Audit Committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:

- i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- ii) the transaction is not material in terms of the provisions of Regulation 23(1) of SEBI LODR;
- iii) rationale for inability to seek prior approval for the transaction shall be placed before the Audit

Committee at the time of seeking ratification;

- iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the Regulation 23(9) of SEBI LODR;
- v) any other condition as specified by the Audit Committee:

Provided that failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee and if the transaction is with a party related to any director, key managerial personnel and promoters, or is authorised by any other director, key managerial personnel and promoters, the concerned director, key managerial personnel and promoters shall indemnify the Company against any loss incurred by it.

3.3.1.5 Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

3.3.1.6 The Audit Committee shall recommend the Related Party Transactions for approval of Board of Directors / Shareholders, as per terms of this Policy.

3.1.2 Approval of the Board and Shareholders

3.1.2.1 All Related Party Transactions which are not in the ordinary course of business or not at the arm's length price shall require prior approval of the Board of Directors of the Company. Where any director is interested in any Related Party Transaction, such director will abstain from discussion and voting on the subject matter of the resolution relating to such RPT.

Further, all related party transactions which are not in the ordinary course of business or not at the arm's length price and are exceeding threshold limits prescribed in section 188 of the Act as amended from time to time shall also require prior approval of shareholders of the Company by way of Ordinary Resolution and all entities falling under the definition of Related Parties shall not vote to approve the relevant transaction, irrespective of whether the entity is a party to the particular transaction or not.

Further, the information as prescribed under the Companies Act, 2013 and/or the SEBI LODR, from time to time shall be provided in the Notice to the shareholders for consideration of RPTs.

3.1.2.2 All the Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the Board and shareholders through Ordinary Resolution and no Related Party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that prior approval of shareholders of the Company shall not be required for RPTs where listed subsidiary is a party but the Company is not a party, if Regulation 23 and 15(2) of SEBI LODR are applicable to such listed subsidiary.

Provided further that the aforesaid requirements shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Provided further that the Related Party Transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval, shall not require approval of the audit committee, board or shareholders.

Provided further that the provisions pertaining to:

- Prior approval of the Audit Committee for all RPTs;
- Omnibus approval for RPTs; and
- Prior approval of audit committee, board or shareholders for Material Related Party Transactions and subsequent Material Modifications

shall not be applicable when the transactions are 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.

4. TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL

Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party including following:

- 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 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 the Company or its subsidiary 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 or its subsidiary 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.

5. DETERMINATION OF ARM'S LENGTH PRICE

The arm's length principle and the transfer pricing methodologies prescribed under the Indian Income-Tax Act, 1961 ('IT Act'), as amended as well as associated domestic and international guidance shall be referred to

determine arm length price relating to all related party transactions.

6. REPORTING AND DISCLOSURES

6.1 Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance. The Company shall submit information related to RPTs to the stock exchanges every six months, in the format specified by the SEBI LODR, simultaneously with the publication of financials and also publish the same on its website.

Provided that the remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure provided that the same is not material in terms of the provisions of sub-regulation (1) of SEBI LODR.

6.2 The Company shall disclose policy on dealing with Related Party Transactions on its website and also in the Annual Report.

6.3 RPTs shall be disclosed in Annual Report, as per applicable provisions of Act.

7. AMENDMENT

The Audit Committee of the Company shall review and may recommend amendments to this policy at least once in every three years and update accordingly, subject to the approval of the Board of Directors of the Company.

Any or all provisions of this policy would be subject to revision/ amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.
