

# **AARON INDUSTRIES LIMITED**

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

**(Effective from March 16, 2018)**  
**(Last Amended on November 13, 2025)**

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## 1. Preamble:

The Board of Directors (the “**Board**”) of **Aaron Industries Limited** (the “**Company**” or “**AIL**”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time. This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable on the Company.

## 2. Purpose:

This Policy is framed as per the requirements of Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s) / re-enactment(s) thereof] (“**SEBI LODR**”) and in terms of Section 188 of the Companies Act, 2013 and is intended to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

The Policy has been amended in line with the SEBI Listing Regulations read with Industry Standards on “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions” (“**RPT Industry Standard**”). The revised Policy shall come into effect on such other date(s) as may be notified by SEBI as being effective date(s) of the amendment(s), either wholly or in part(s), and shall to that extent be in supersession of the earlier Policy.

## 3. Definitions:

“**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

“**Applicable Law(s)**” includes (a) the Act and the rules made thereunder; (b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; (c) Industry Standards on “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions” and any other statute, law, standards, regulations or other governmental instruction relating to RPTs and amendments made thereto.

“**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.

“**Audit Committee or Committee**” means ‘Audit Committee’ constituted by the Board of Directors of the Company under provisions of SEBI LODR and Companies Act, 2013 as amended from time to time.

“**Associate Company**” means any other Company, in which the Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a Joint Venture Company.

Explanation – For the purpose of this clause

“**Significant influence**” means control of at least twenty percent of total voting power, or control of or participation in business decisions under an agreement.

“**Board of Directors**” or “**Board**” means the Board of Directors of the Company, as constituted from time to time.

“**Key Managerial Personnel**” means Key Managerial Personnel as defined in Section 2(51) of the Companies Act, 2013;

“**Listing Regulation(s)**” means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendment thereto;

“**Material Related Party Transaction**” in terms of SEBI LODR means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year:

- (i) In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% (five percent) of the annual consolidated turnover of the Company as per its last audited financial statements.
- (ii) In case of any other transaction(s), if the amount exceeds Rs.1,000 Crores or 10% (ten percent) of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower.

“**Material Modification**” shall mean and include any modification to an existing Related Party Transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee/Board /Shareholders as the case may be.

“**Ordinary Course of Business (‘OCB’)**” means a transaction which is:

- a. 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
- b. Historical practice with a pattern of frequency, or in connection with the normal business carried on by the Company, or
- c. 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
- d. Common commercial practice, or
- e. Meets any other parameters/criteria as decided by the Board/Audit Committee.

“**Policy**” means Related Party Transaction Policy or any amendment thereto.

“**Relative**” means relative as defined under Section 2(77) of the Companies Act, 2013 and rules prescribed thereunder.

“**Related Party**” means Related Party as defined under Section 2(76) of the Companies Act, 2013 read with rules framed thereunder and Regulation 2(1)(zb) of the SEBI Listing Regulations or under the applicable accounting standards.

“**Related Party Transaction**” means transaction as defined in Regulation 2(1)(zc) of SEBI Listing Regulations and under the relevant provisions of the Act or any relevant Indian Accounting Standards, as amended from time to time.

“**RPT Industry Standards**” refers to Industry Standards on “Minimum information to be provided for review of the Audit Committee and Shareholders for approval of a Related Party Transaction” formulated by Industry Standards Forum (“**ISF**”) comprising of representatives from three industry associations, viz. ASSOCHAM, CII and FICCI, under the aegis of the Stock Exchanges, in consultation with SEBI.

All words or expression in this policy shall bear the meaning as per the definitions under the Companies Act, 2013 including rules (“the Act”) made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”), applicable RPT Industry Standards, applicable accounting standards under the Act and other legislations, as amended and applicable from time to time.

#### **4. 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.

#### **5. Identification of Potential Related Party Transactions:**

Every Director, Key Managerial Personnel and Promoters shall at the beginning of the financial year provide disclosures to the Company regarding their concern or interest in the entity with specific concern to parties which may be considered as Related Party with respect to the Company and shall also provide the list of relatives which are regarded as Related Party as per this policy. Directors are also required to provide information regarding their engagement with other entity during the financial year which may be regarded as Related Party according to this policy. Every Director, Key Managerial Personnel and Promoters shall also be required to immediately intimate to the Board of Directors of the Company, any change (addition or deletion) to previously provided disclosure of concern or interest in any entity or list of relatives.

The Company will identify potential transactions with Related Parties based on disclosures of concern or interests received from its Directors / Key Managerial Personnel / Promoters as well as based on the list of related parties of the Subsidiary Companies, in the manner prescribed in the Companies Act, 2013 and the rules thereunder and SEBI LODR as amended from time to time.

#### **6. Procedures for review and approval of Related Party Transactions:**

##### **6.1 Approval of Audit Committee:**

- Every Related Party Transaction and subsequent Material Modifications shall be subject to the prior approval of the Audit Committee.

Members of the Audit Committee, who are Independent Directors, shall only approve Related Party Transactions.

- The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company or its subsidiaries 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 **Rupees One 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.
- Prior approval of the Audit Committee shall be required for:
  - a. All RPTs and subsequent Material Modifications;
  - b. a Related Party Transaction to which the Company's subsidiary is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of such subsidiary.

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.

- 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;
  - (i) rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification;
  - (ii) 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;
  - (iii) 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.

- If any additional Related Party Transaction is to be entered by the Company post omnibus approval granted by the Audit Committee, then the Company shall present such transaction before the Audit Committee in its next meeting for its prior approval.
- 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.
- To review a Related Party Transaction, the Committee shall be provided with the necessary information (as prescribed under the Companies Act, 2013 and/or the SEBI LODR, from time to time), to the extent relevant, with respect to actual or potential Related Party Transactions.
- The Audit Committee shall recommend the Related Party Transactions for approval of Board of Directors / Shareholders, as per terms of this Policy.

## **6.2 Approval of the Board and the Shareholders:**

- 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 and/or RPT Industry Standards, from time to time shall be provided in the Notice to the shareholders for consideration of RPTs.

- 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 Company 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.

#### **7. 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:

- 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;
- the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - a. payment of dividend;
  - b. subdivision or consolidation of securities;
  - c. issuance of securities by way of a rights issue or a bonus issue; and
  - d. buy-back of securities.
- 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.
- 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.

#### **8. 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.

#### **9. Applicability of Industry Standards on Minimum Information to be Provided for Review of the Audit Committee and Shareholders for approval of a Related Party Transaction ("RPT Industry Standards"):**

- (a) The RPT Industry Standards shall be applicable for all RPTs placed for review and approval by the Audit Committee of the Company, in terms of Regulation 23(2) and 23(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations").

(b) The RPT Industry Standards shall be applicable in case of material RPTs as defined under Regulation 23(1) & 23(1A) of the LODR Regulations, which are placed for approval of both the Audit Committee and the Shareholders.

(c) With effect from September 01, 2025, or such other date as may be prescribed by SEBI:

- The Company shall provide the Audit Committee with the information as specified in the Industry Standards on “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions”, while placing any proposal for review and approval of an RPT.

Provided that if a transaction with a Related Party, whether individually or taken together with previous transaction(s) during a financial year (including transaction(s) which are approved by way of ratification), do not exceed 1% of annual consolidated turnover of the Company as per the last audited financial statements of the Company or Rupees Ten Crore, whichever is lower, the Company shall provide ‘Minimum information to the Audit Committee for approval of Related Party Transactions’ specified in SEBI Circular on Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions as amended from time to time.

- The notice being sent to the shareholders seeking approval for any RPT shall, in addition to the requirements under the Companies Act, 2013, include the information as part of the explanatory statement as specified in the Industry Standards on “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions.

Provided that if a transaction with a Related Party, whether individually or taken together with previous transaction(s) during a financial year (including transaction(s) which are approved by way of ratification), do not exceed 1% of annual consolidated turnover of the Company as per the last audited financial statements of the Company or Rupees Ten Crore, whichever is lower, the Company shall provide ‘Minimum information to the Shareholders for approval of Related Party Transactions’ specified in SEBI Circular on Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions as amended from time to time as amended from time to time.

(d) The RPT Industry Standards shall not be applicable for:

- Transactions exempted under Regulation 23(5) of SEBI LODR Regulations; and
- Quarterly review of Related Party Transactions by the Audit Committee in terms of Regulation 23(3)(d) of SEBI LODR Regulations.
- Transaction(s) with a Related Party to be entered into individually or taken together with previous transactions during a financial year (including which are approved by way of ratification) **do not exceed Rs.1,00,00,000 (Rupees One Crore).**

## 10. Disclosures:

The Company shall submit information related to RPTs to the Stock Exchange(s) 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 Company 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 Regulation 23(1) of SEBI LODR.

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

The RPTs shall be disclosed in Annual Report, as per applicable provisions of Act and SEBI LODR.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

#### **11. Policy Review:**

This policy is framed based on the provisions of the Companies Act, 2013, and rules thereunder and the requirements of the SEBI LODR and RPT Industry Standards.

In case of any subsequent changes in the provisions of the Companies Act, 2013 and/or SEBI LODR and/or any other regulations (“the Regulations”) and/or RPT Industry Standards, as amended which makes any of the provisions in the Policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with the Regulations.

The Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in the Regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors. Provided that this Policy shall be reviewed by the Board at least once every three years and updated accordingly.

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