

AERPACE INDUSTRIES LIMITED

(Formerly Known as Supremex Shine Steels Limited)

CIN: L74110MH2011PLC214373

REGISTERED OFFICE: No.1005, 10th Floor, A Wing, Kanakia Wall Street, Andheri Kurla Road,

Andheri (East), Mumbai-400093

Web Site: www.supremexshinesteel.in **Email id:** infosupremexshine@gmail.com,

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Policy on Related Party Transactions

1. Introduction

Sub-regulation 1 of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (effective December 1, 2015) requires a listed entity to formulate a policy on materiality of related party transactions and on dealing with related party transactions.

The Board of Directors (the “Board”) of Aerpac Industries Limited (the “Company”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee may from time to time review and recommend amendments to this policy to the Board. The Board may amend this policy from time to time.

This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

2. Policy Objective

The objective of this policy is to ensure proper approval and reporting of transactions between the Company and its Related Parties.

3. Definitions

“Audit Committee” or “Committee” means the committee constituted by the Board of Directors of the Company, from time to time, under the provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

“Board of Director” or “Board” means the Board of Directors of Aerpac Industries Limited, as constituted from time to time.

“Company” means Aerpac Industries Limited.

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“Key Managerial Personnel” shall have the meaning ascribed to the term

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under Section 2(51) the Companies Act, 2013 and shall mean:

- (i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-Time Director;
- (ii) the Company Secretary;
- (iii) the Chief Financial Officer;
- (iv) such other officer, not more than one level below the Directors who is in whole-time employment, designated as Key Managerial Personnel by the Board; and
- (v) such other officer as may be prescribed under the Companies Act, 2013.
- (vi) "Material Related Party Transaction" means a transaction with a Related Party if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. However, a transaction involving payments made to a related party with respect to brand usage and royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company.

"Policy" means this policy on Related Party Transactions.

"Related Party", in relation to the Company, shall refer to an entity which is:

- (i) a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) a related party as per Indian Accounting Standard (Ind AS) 24.

Provided that any person or entity belonging to the promoter or promoter group of the Company and holding 20% or more of shareholding in the Company shall be deemed to be a related party.

The parties specified in Section 2(76) of the Companies Act, 2013 are as under:

- (i) a Director or his relative;
- (ii) a Key Managerial Personnel or his relative;
- (iii) a firm, in which a Director, Manager or his relative is a partner;
- (iv) a private company in which a Director or Manager or his relative is a member or Director;
- (v) a public company in which a Director or Manager is a Director and holds along with his relatives, more than two per cent of its paid-up share

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capital;

(vi) any body corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with the advice, directions or instructions of a Director or Manager;

(vii) any person on whose advice, directions or instructions a Director or Manager is accustomed to act.

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

(viii) any body corporate which is -

- (a) a holding, subsidiary or an associate company of such company; or
- (b) a subsidiary of a holding company to which it is also a subsidiary; or
- (c) an investing company or the venturer of the company.

Explanation—For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

(ix) a Director (other than an Independent Director) or Key Managerial Personnel of the holding company or his relative.

“Related Party Transactions” means a transfer of resources, services or obligations between the Company and a Related Party, 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.

“Relative” means relative as defined under Section 2(77) of the Companies Act, 2013 and, with reference to any person, means anyone who is related to another, if -

- i. they are members of a Hindu undivided family ;
- ii. they are husband and wife; or
- iii. Father (including step-father);
- iv. Mother (including step-mother);
- v. Son (including step-son);
- vi. Son’s wife;
- vii. Daughter;
- viii. Daughter’s husband;
- ix. Brother (including step-brother);
- x. Sister (including step-sister);

Related Party as per Indian Accounting Standard (Ind AS) 24:

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- (a) A person or a close member of that person's family is related to a Company if that person:
 - (i) has control or joint control of the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the Key Management Personnel of the Company or of a parent of the Company.
- (b) An entity is related to a Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the Key Management Personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides Key Management Personnel services to the Company or to the parent of the Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity including:

- (a) that person's children, spouse or domestic partner, brother, sister, father and mother;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

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4.1. Identification of potential Related Party Transactions:

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. The Board/ Audit Committee would determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

4.2. Restrictions related to Related Party Transactions:

All Related Party Transactions shall require prior approval of Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- a. The Audit Committee may lay down the criteria for granting the omnibus approval in line with this policy and such approval shall be applicable in respect of 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. Such 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;

Provided that 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 Rs. 1 Crore per transaction.

- d. Audit Committee shall review, at least on a quarterly basis, the

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details of related party transactions entered into by the company pursuant to each of the 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.

Further, all Material Related Party Transactions shall require 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, except in case of 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.

Nothing contained in this Paragraph 4.2 shall apply to transactions entered into between the Company and its wholly owned subsidiary/ies (if any at relevant time) whose accounts are consolidated with the Company and such consolidated accounts are placed before the shareholders of the Company at the general meeting for approval (such transaction are hereinafter referred to as "Exempted Transactions").

4.3. Review and Approval of Related Party Transactions by Audit Committee:

All Related Party Transactions, including Material Related Party Transactions but excluding Exempted Transactions, will be put to the Audit Committee for its review and prior approval in a meeting or by way of circular resolution. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits/ loss to the Company, and any other relevant matters.

In determining whether to approve a Related Party Transaction, the Committee may consider all such factors/ or may call such

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information/ or seek external advice/ opinion as it may consider appropriate in its sole judgment.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or when it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary.

5. Post facto consideration of Related Party Transactions

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction.

In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

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

6. Disclosures

6.1 This Policy will be disclosed on the Company's website and a web link thereto would be disclosed in the Annual Report of the Company.

6.2 The Company shall submit within 30 days from the date of publication of its financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website at