



**POWER MECH**<sup>®</sup>

Growth Unlimited

## **POLICY ON RELATED PARTY TRANSACTIONS**

**[Pursuant to Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

### **POWER MECH PROJECTS LIMITED**

**AN ISO 14001:2015, ISO 9001:2015 & ISO 45001:2018 CERTIFIED COMPANY**



**JAS-ANZ**



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## **1. Introduction and Legal Framework:**

The Board of Directors ("the Board") of Power Mech Projects Limited ("Company") has, basis the recommendation of the Audit Committee, adopted this Related Party Transactions Policy (this "Policy"), which defines and lays down the procedures with regard to Related Party Transactions, pursuant to the provisions of the Companies Act, 2013, ("the Act") and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

## **2. Definitions:**

**"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.

**"Audit Committee"** means the Committee of the Board formed under section 177 of the Act and Regulation 18 of the Listing Regulations.

**"Related Party"** means as defined in Section 2(76) of Companies Act, 2013 and Regulation 2(1)(zb) of the Listing Regulations.

**"Related Party Transaction"** shall have the meaning as defined under Section 188 of the Act and Regulation 2(1)(zc) of the Regulations.

**"Material modifications"** means any modification(s) to the material related party transaction(s) which were earlier approved by the Audit Committee or Shareholders provided such modification(s):

- (i) change(s) the complete nature of the transaction; and/or
- (ii) is/are in excess of 20% of the originally approved transaction.

Any other term not defined herein shall have the same meaning as defined in the Act and/or the Regulations or any other applicable laws or regulations as amended from time to time.

## **3. Materiality Thresholds**

The Company has adopted the materiality threshold as stipulated in Regulation 23 including any modifications thereof from time to time.

## **4. Manner of dealing with related party transaction(s):**

All related party transaction(s) and subsequent material modifications shall be preapproved by only those members of the Audit Committee who are independent directors. The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under the provisions of Section 177 of the Act and rules made thereunder and Regulation 23 of the Listing Regulations, as amended from time to time.

### **Identification of Related Party Transactions:**

- a) Each Director and Key Managerial Personnel (KMP) is responsible for providing notice to the Board/Audit Committee of any potential Related Party Transaction (RPT) involving him/her or his/her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request.

The Board/Audit Committee will determine whether the transaction does, in fact, constitute a RPT requiring compliance with this policy. The Board/Audit Committee may delegate such powers to the officer(s) of the Company as it deems fit.

- b) Transactions with Related Parties and subsequent material modifications require prior approval of the Audit Committee/ Board, the Chief Financial Officer (CFO) shall be responsible to notify the Audit Committee/ Board of any such potential RPTs.
- c) Such notice of any potential RPT shall be given well in advance to the Board/Audit Committee and shall also contain adequate information about the Related Party transaction(s). This will provide the Board/Audit Committee members adequate time and information to consider and review the proposed transaction(s).

## 5. Approval of Related Party Transactions

The Company shall not enter into any RPT except as stated hereinafter.

### a) Audit Committee:

Every RPT and subsequent material modifications shall be subject to prior approval of the Audit Committee. However, the Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the Company or its subsidiary, which are repetitive in nature and are in the ordinary course of business & at Arm's Length basis, subject to the compliance of conditions contained in the Act and rules made thereunder and Regulation 23 of the Regulations.

#### Criteria for making omnibus approvals:

The Audit Committee is empowered to specify the criteria for making omnibus approvals, which shall include the following:

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| Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year.  | As may be decided by the Audit Committee, considering the requirements of the Company and its subsidiaries, in line with the applicable laws, provided that under no circumstances shall it exceed 10% of the consolidated turnover as per the latest available consolidated financial statements |
| The maximum value per transaction, which can be allowed.  | ₹ 1 crore   |
| Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval.   | Approval covers where need could not be foreseen and details are not available. Disclosure will be limited to the extent of details available.  |
| Review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the Company pursuant to each of the omnibus approval made. | Review at every quarterly meetings of the Audit Committee   |
| Transactions, which cannot be subject to the omnibus approval by the Audit Committee.   | Those transactions, which require specific approval of the Shareholders or Board.   |

While considering any RPT, the Audit Committee shall take into account all relevant facts and circumstances, including the terms and purpose of such transaction along with other relevant information, if any.

In addition to the above, any other transaction with related parties, which requires approval of the Board, shall also be placed before the Board for its approval.

Any member of the Board/ Audit Committee, who has a potential conflict of interest in any RPT shall disclose his/her interest and shall not be present in the meeting for that agenda. Such member shall not be counted for the purposes of determining quorum.

**b) Board of directors:**

Pursuant to the provisions of Section 188 of the Act and rules made thereunder, all RPTs specified under the said Section and rules which are not at arm's length basis, shall be placed before the Board for its approval.

**c) Shareholders:**

All the Material RPTs and subsequent material modifications shall require prior 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.

**6. Approval & Review Mechanism:**

- i. While seeking the approval of the Audit Committee, Board and the Shareholders, wherever required, all information that is relevant and necessary to such RPT as prescribed under the Laws or by the Audit Committee or the Board or the Shareholders, shall be duly provided.
- ii. In case of any RPTs proposed to be entered into by the listed entity or its subsidiary that cannot be foreseen or transactions in respect of which complete details are not available, the Audit Committee may grant an omnibus approval for such transactions provided that the value does not exceed ₹1 crore per transaction.
- iii. All omnibus approvals granted by the Audit Committee shall be valid for one financial year. The Audit Committee shall, while granting such omnibus approvals, satisfy itself about the adherence to the criteria so specified by it.
- iv. The Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company.
- v. The omnibus approval granted by the Audit Committee shall include the particulars as prescribed under the Act and the Regulations.
- vi. The Audit Committee shall not grant omnibus approval for transactions in respect of selling or disposing of the undertaking of the Company.
- vii. The Audit Committee shall review, on a quarterly basis, the details of all related party transactions entered into by the Company.



- viii. In all related party transactions, the interested party(ies) shall not participate in the deliberations/ discussions and shall not vote to approve the transaction / resolution.
  
- ix. All RPTs that are not in the ordinary course of business/ not at Arm's Length basis shall also require the approval of the Board of Directors / shareholders through a resolution as may be required/ provided in the Act, any Law/ Regulations/ Rules/ Guidelines.

**7. Amendment:**

The Board of directors of the Company, on recommendation of the Audit Committee, may review the policy from time to time and amend appropriately to ensure conformity with the applicable Acts/Rules/Regulations including amendments thereof.

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