

AEONX DIGITAL TECHNOLOGY LIMITED

**(CIN: L62099MH1992PLC069615)
(FORMERLY KNOWN AS ASHOK ALCO-CHEM LIMITED)**

Policy on Related Party Transactions

Amended on 11th February, 2022

1) SCOPE AND PURPOSE OF THE POLICY

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] (“Listing Regulations”) and in terms of Section 188 of the Companies Act, 2013. The Board of Directors (“the Board”) of Aeonx Digital Technology Limited (the “Company”/ “AACL”), has adopted the following Policy and procedure in relation to Related Party Transactions.

The Policy envisages the procedure governing Related Party Transactions required to be followed by the Company to ensure compliance with the Law and Regulation. This Policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company.

2) OBJECTIVE OF THE POLICY

The objective of this Policy and procedure is to ensure that transactions between the Company and its related parties are based on principles of transparency and arm's length dealings. This policy is intended to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties. Related Party Transactions are considered appropriate only if they are in the best interests of the Company and its Shareholders.

The Company is required to disclose each year in the Financial Statements and in the Annual Report transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

3) DEFINITIONS

For the purpose of this policy, the following definitions apply:

- a. **“Audit Committee”** means audit committee of Board of Directors of the Company constituted under provisions of listing agreement with the stock exchanges and under section 177 of the Companies Act, 2013 (CA, 2013) by Board of the Company.
- b. **“Board”** means the Board of Directors of AACL / the Company.
- c. **“Key Managerial Personnel”** means key managerial personnel as defined under section 2(51) of the CA, 2013.
- d. **“Policy”** means this Policy on Related Party Transactions.
- e. **“Related Party”** is a person or an entity which is:
 - a related party under Section 2(76) of the Act and/or Listing Regulations; or
 - a related party under the applicable Accounting Standards.
 - a related party under regulation 2(1)(zb) of Listing regulations.
- f. **“Relative”** means:

A) With reference to any person, anyone who is related to another, if:

1. they are members of a Hindu Undivided Family;
2. they are husband and wife; or

(B) A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-

1. Father including step-father
2. Mother including step-mother
3. Son including step-son
4. Son's wife
5. Daughter
6. Daughter's husband
7. Brother including step-brother
8. Sister including step-sister

g. **"Related Party Transaction"** means a transaction involving transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged and includes the following transactions:

- a. sale, purchase or supply of any goods or materials;
- b. selling or otherwise disposing of, or buying, property of any kind;
- c. leasing of property of any kind;
- d. availing or rendering of any services;
- e. appointment of any agent for purchase or sale of goods, materials, services or property;
- f. such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- g. underwriting the subscription of any securities or derivatives thereof, of the company

Explanation: Related Party Transaction includes a single transaction or a group of transactions in a contract, with a Related Party.

As per SEBI Listing Regulations vide sixth amendment in SEBI (LODR) Regulations, the revised definition of "Related Party Transactions" w.e.f. April 01, 2022, shall be as under:

"Related Party Transaction" means a transaction involving a transfer of resources, services, or obligations between:

- 1) A Listed Entity or any of its Subsidiaries on one hand and a Related Party of the Listed Entity or any of Its Subsidiaries on the other hand; or
- 2) A Listed Entity or any of Its Subsidiaries on one hand and any other person or entity on the other hand, the purpose and effect of which is to benefit a Related Party of the Listed Entity or any of its subsidiaries (w.e.f. April 01, 2023).

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.

Further, the following class of transactions will not be treated as Related Party Transactions:

- 1) Issue of specified securities (i.e., equity shares) on a preferential basis, subject to compliance of the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- 2) 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. Sub-Division or Consolidation of Securities;
 - iii. Issuance of Securities by way of a Rights Issue or a Bonus Issue; and
 - iv. Buy-Back of Securities.

h. "**Material Related Party Transaction**" as per Companies Act, 2013 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 as below:

Nature of Transaction	Transaction Value
Sale, purchase or supply of any goods or materials directly or through appointment of agents	10% or more of the turnover company
Buying, selling or disposing of property of any kind directly or through appointment of agents	10% or more of net worth of the company
Leasing of any kind of property	10% or more of the turnover company
Availing or rendering of any services directly or through appointment of agents	10% or more of the turnover company
Appointment to any office or place of profit in the company, Its subsidiary company or associate company	monthly remuneration exceeding two and a half lakh rupees
Remuneration for underwriting the subscription of any securities In or derivatives thereof	1% of net worth

As per SEBI listing Regulations, any transaction is considered as material during a financial year, if it exceeds Rs.1,000 Crores or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statement of the listed entity, whichever is lower.

- i. "**Material Modification**" in any approved Related Party Transaction shall mean any deviation of 25% or more in any of the condition of the Related Party Transactions which have been pre-approved by the Audit Committee of the company.
- j. "**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.
- k. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 and the Listing Agreement.

4) MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

A) Identification of Related Parties and Related Party Transactions

- a) Each Director and Key Managerial Personnel is responsible for providing notice to the Company Secretary of his/her relatives and their respective interest in other entities which could result in such relative/entity becoming a Related Party. Any change in such information shall also be forthwith provided by such Director and Key Managerial Person.
- b) Company Secretary shall, based on the information received from each Director and Key Managerial Person, identify and prepare a list of Related Parties for a given period under the provisions of Companies Act, 2013 and Accounting Standard 18.
- c) Head-Accounts shall make necessary flagging of such Related Parties in the accounting system to ensure availability of required approvals for Related Party Transaction.
- d) Each Director, Key Managerial Person and Head-Accounts shall be responsible for providing notice to the Company Secretary of any potential Related Party Transaction, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee and the Board.
- e) The Company prefers to receive such notice of any potential Related Party Transaction well in advance so that the Company Secretary has adequate time to review information about the proposed transaction and need for obtaining approval of Audit Committee, Board or shareholders of the Company as the case may be.
- f) In addition, the Company Secretary may require periodical update of the information from Directors and KMPs for identification of Related Parties.
- g) The Company Secretary shall also periodically review the structure with Chief Financial Officer / Head Accounts to identify any new related party.
- h) The Company Secretary shall maintain database of all Related Parties based on the notice / declaration received from Directors/KMPs including Group entities, if any and share the same with Head-Accounts and Chief Financial Officer on a quarterly basis to monitor the transactions with them.
- i) Any potential Related Party Transactions that are brought to the attention of Head Accounts or Chief Financial Officer shall be referred for analysis by the Secretarial Department, in consultation with management and with an external consultant, as appropriate. The Board shall record the disclosure of interest and the Audit Committee shall determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

B) Procedure for approval of related party transactions

❖ **Approval of the Audit Committee:**

All related party transactions require prior approval of the Audit Committee except for transactions between the Company and its wholly owned subsidiary/(ies).

→ **Omnibus approval**

The Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- The omnibus approval shall provide -
 - (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into and
 - (ii) such other conditions as the Audit Committee may deem fit.

However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval.

- The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the company pursuant to each of the omnibus approval given;
- Such omnibus approval shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

- Nature of the transaction i.e. details of goods or property to be acquired / transferred or services to be rendered / availed – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
- Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;
- Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction;
- Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
- Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
 - market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
 - third party comparables, valuation reports, price publications including stock exchange and commodity market quotations;

- management assessment of pricing terms and business justification for the proposed transaction;
- comparative analysis, if any, of other such transaction entered into by the company.

❖ **Approval of the Board of Directors of the Company**

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business and not at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its 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 require Board approval in addition to Audit Committee approval and subsequent material modifications thereof which are not in the ordinary course of business or not at arm's length price;
- 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;
- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
- Material Related Party Transactions which are intended to be placed before the shareholders for approval.

❖ **Approval of the Shareholders of the Company**

All Material Related Party Transactions shall require approval of the Shareholders of the Company as prescribed under the Companies Act 2013 and rules made thereunder, as amended from time to time. All Related Parties shall abstain from voting on such resolution irrespective of whether the entity is a party to the particular transaction or not. However, the said provision is not applicable in respect of the transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders for approval.

All Related Party Transactions which are not in the ordinary course of business or not at arm's length and which are in excess of the limits prescribed under the Act, as amended from time to time, requiring the approval of shareholders, shall require approval of the Shareholders as prescribed under the Companies Act 2013 and rules made thereunder, as amended from time to time. And in such cases, the Related Party/(ies) to the transaction shall abstain from voting on such resolution. For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

Clause 49(VII) (E) provides that the requirement for seeking shareholders' approval shall not be applicable to transactions between the Company and its wholly owned subsidiary/ies whose accounts are consolidated with the Company.

5) DISCLOSURES

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.

This Policy will be uploaded on the website of the Company at www.ashokalcochem.com.

The Company will also disclose the details of all Material Related Party Truncations on a quarterly basis along with the compliance report on corporate governance filed with the stock exchanges under clause 49 of the Listing agreement.

6) POLICY REVIEW

This Policy is framed based on the provisions of the Clause 49 of the Listing Agreement with the stock exchanges and based on the provisions of Companies Act 2013 and rules thereunder. In case of any subsequent changes in the provisions of the said Regulations / Act / rules would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in 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.