

**POLICY ON MATERIALITY
OF
RELATED PARTY TRANSACTIONS
AND
DEALING WITH RELATED PARTY TRANSACTIONS
OF
AIROX TECHNOLOGIES LIMITED**

1. OBJECTIVE:

- 1.1. The board of directors of Airox Technologies Limited ("**Company**") in pursuance of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") and other applicable provisions (including any statutory enactments / amendments thereof), adopted the policy on materiality of related party transactions and on dealing with related party transactions (the "**Policy**") vide its Board meeting held on 20th May, 2022. The Policy shall come into force with effect from the date Regulation 23 of the SEBI Listing Regulations takes effect with respect to the Company.
- 1.2. Taking this into consideration, objective of this Policy is to lay down requisite process framework and approval mechanism for dealing with material related party transactions. The Company has framed this Policy with the intent to ensure the proper approval and reporting of related party transactions. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties (as defined below) as well as policies concerning transactions with Related Parties (as defined below).

2. DEFINITIONS:

For this Policy, following terms shall have the meanings ascribed to them as under:

- 2.1. "**Act**" means Companies Act, 2013 as amended and the Rules framed there under, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- 2.2. "**Arm's length basis**" means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.
- 2.3. "**Audit Committee**" means Audit Committee constituted by the Board, from time to time, under Section 177 of the Companies Act and the SEBI Listing Regulations
- 2.4. "**Board**" or "**Board of Directors**" means board of directors of the Company.
- 2.5. "**Company**" means Airox Technologies Limited
- 2.6. "**Control**" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and takeovers) Regulations, 2011.
- 2.7. "**Key Managerial Personnel**" (KMP) means the Key Managerial Personnel of the company in terms of the Act.
- 2.8. "**Listing Regulations**" means the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and agreement signed by the Company and the Stock Exchange in pursuance thereof.

- 2.9. **“Material Related Party Transactions”** 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 10% of the annual consolidated turnover as per the last audited financial statements of the Company and transactions involving payments to a related party with respect to brand usage or royalty if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- 2.10. **“Office or place of profit”** means office or place of profit as defined under the Act.
- 2.11. **“Related Party”** means a Related Party as defined under the Act read with the Listing Regulations or under applicable Accounting Standards.
- 2.12. **“Related Party transactions (RPTs)”** means the transaction as prescribed under Regulation 2(1)(zc) of SEBI Listing Regulations and Section 188 of the Companies Act..
- 2.13. **“Relatives”** means a relative as defined under the Act.
- 2.14. **“Subsidiary”** means subsidiary as defined under the Act.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, the SEBI Listing Regulations, Accounting Standards 18 or any other applicable regulation.

3. PROCEDURE OF DEALING WITH RPTs

3.1. Disclosure by Directors and KMPs:

Every Director and KMP shall, as may be applicable to them, at the beginning of the financial year provide information by way of written notice to the Company regarding his/her 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 and KMPs are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this Policy. Also, provide declarations within 30 days if there has been a change in the details from the last declaration made under this Policy.

The Chief Financial Officer (**“CFO”**) is responsible for identification of the potential related party transactions and to provide necessary information in advance to the Company Secretary for initiating the process to obtain the necessary approvals of the Audit Committee/Board/Shareholders. Further, the CFO and the Managing Director are responsible for providing additional information about transactions that the

Board/Audit Committee may request, for being placed before the Audit Committee/Board.

The Board shall fulfil the function of monitoring and managing potential conflicts of interest of management, Board and shareholders, including misuse of corporate resources and abuse in Related Party Transactions.

The Company shall comply with applicable provisions of the SEBI Listing Regulations, Companies Act and Rules made there under, the Listing Agreement and other applicable law in force from time to time in dealing with the Related Party Transactions.

3.2. Review and approval mechanism of Related Party Transaction

3.2.1. Audit Committee

All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee. Provided only those members of the Audit Committee who are independent directors shall approve related party transactions. Accordingly, all proposed Related Party Transactions must be reported to the Audit Committee for prior approval by the Committee.

The CFO of the Company shall provide to the Committee all relevant material information of all Related Party Transaction(s), including the terms of the transaction(s), the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters inter alia including the following:

- (i) the name of the related party and nature of relationship;
- (ii) the nature, duration of the contract and particulars of the contract or arrangement;
- (iii) the material terms of the contract or arrangement including the value, if any;
- (iv) any advance paid or received for the contract or arrangement, if any;
- (v) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- (vi) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors;
- (vii) the persons/authority seeking the approval of the proposed transaction; and
- (viii) any other information relevant or important for the Committee to take a decision on the proposed transaction.

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- (i) Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- (ii) Whether the Related Party Transaction would affect the independence of the Director/KMP;
- (iii) Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction; and
- (iv) Whether the Related Party Transaction is in the nature of conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director or other Related Party, the direct or indirect nature of the Directors, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.
- (v) Whether there are any compelling business reasons / rationale for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- (vi) Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company

Subject to the provisions of the applicable laws, the Audit Committee will have the discretion to approve/modify/recommend/refer the proposed Related Party Transaction for the approval of Board or shareholders.

And, in the event such transaction, contract or arrangement is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act 2013 and the rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.

The Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the Company subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy on RPTs of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself 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 RPT 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.1Crore (Rupee One Crore) per transaction.
- d. Audit Committee shall review at least on a quarterly basis, details of RPTs entered into by the Company pursuant to the omnibus approvals given.
- e. Such omnibus approvals shall be valid for a period not exceeding 1 (one) year and shall require fresh approvals after the expiry of 1(one) year.

3.2.2. Board of Directors

All Material RPTs, transactions which are not in the ordinary course of business or not at the arm's length price, shall be placed before the Board for obtaining its approval. Where approval of Board of Directors is required for any RPT or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the RPT, 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 or appropriate under the circumstances.

Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

3.2.3. Shareholder approval

Transactions not in ordinary course of business or not at arm's length

All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, and the SEBI Listing Regulations, as may be applicable, which are not in the ordinary course of business or not an Arms' length transaction shall also require the prior approval of the shareholders through special resolution and no member of the Company shall vote on such special resolution, if such member is a related party.

Material Related Party Transaction

All material Related Party Transactions and subsequent material modifications as defined by the Audit Committee shall require prior approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions. Transactions which do not require approval.

Notwithstanding the foregoing, the following RPTs shall not require any approval:

- a. Any transaction involving the providing of compensation to a director or KeyManagerial Personnel in connection with his duties to the Company including thereimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- b. Any transaction in which the Related Party's interest arises solely from ownershipof securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
- c. Transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the company's accounts and placed before the shareholders at the general meeting for approval.
- d. Transactions entered into between the 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

3.2.4. RPTs not approved under this Policy

If a RPT is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Committee. The Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the RPT, to the extent permissible under the law.

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

3.2.5. Disclosure

- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- The Company shall disclose the Policy on dealing with RPTs on its website.
- Make such other disclosures as may be required under applicable laws.

4. MONITORING &REVIEW:

- 4.1. The Board may monitor, review and amend the Policy from time to time as also whenever necessitated due to amendments to the Act, Listing Regulations or any other Regulations. Any subsequent amendment/modification in the Companies Act, 2013 orthe Rules framed thereunder or the Listing Regulations and/or any other laws

in this regard shall automatically apply to this Policy.

- 4.2. This Policy (including the thresholds) shall be reviewed by the Board of Directors once in three years and/or and when required and updated accordingly. In the event of any conflict between the provisions of this Policy and of the applicable law(s) dealing with the Related Party Transactions, such applicable law(s) as may be in force from time to time shall prevail over this Policy.

5. **CONFLICT IN POLICY**

In the event of any conflict between the Companies Act or the SEBI regulations or any other statutory enactments ("**Regulations**") and the provisions of this Policy, the Regulations shall prevail over this Policy.
