



AUSTIN ENGINEERING COMPANY LIMITED

Regd. Office & Works.

Patla, Ta. Bhesan, Via Ranpur (Sorath), Post Hadmatiya-362 030, Dist. Junagadh. (India)

Phones : (02873) 252223, 252267, 252268 Fax : (02873) 252225

CIN. L27259GJ1978PLC003179

POLICY ON RELATED PARTY TRANSACTIONS

SCOPE AND PURPOSE OF THE POLICY

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Austin Engineering Company Limited ("AECL" or "the Company") has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions. Also, Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions. In light of the above, AECL has framed this Policy on Related Party Transactions ("Policy"). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board.

OBJECTIVE

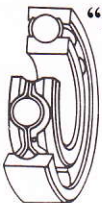
This policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

DEFINITIONS

"Audit Committee or Committee" mean the Committee of the Board constituted from time to time under the provisions of Regulation 18 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

"Board" means the Board of Directors as defined under the Companies Act, 2013.



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“Key Managerial Personnel” means Key Managerial Personnel as defined under the Companies Act, 2013.

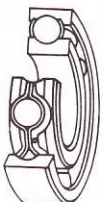
“Material Related Party Transaction” means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013 or the Listing Regulations, whichever is stricter, from time to time.

“Related Party” a means related party as defined under the Section 2(76) of the Companies Act, 2013 read.

“Related Party Transaction” means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged and includes –

- 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 the 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;
- g. Underwriting the subscription of any securities or derivatives thereof, of the Company;
- h. Financing (including loans and equity contributions in cash or kind);
- i. Providing or obtaining guarantees and collaterals; and
- j. Deputation of employees.

(The above is an indicative list and not an exhaustive one).



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“Relative” means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner –

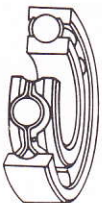
- a. Members of a Hindu undivided family;
- b. Husband or wife;
- c. Father (including step-father);
- d. Mother (including step-mother);
- e. Son (including step-son);
- f. Son’s wife;
- g. Daughter;
- h. Daughter’s husband;
- i. Brother (including step-brother); or
- j. Sister (including step-sister).

“Transaction” with a related party shall be construed to include a single transaction or a group of transactions.

The terms Director, Chief Financial Officer, Company Secretary, shall have the same meaning as assigned under the Companies Act, 2013.

PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS

All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circular or through electronic means. A member of the Committee who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such transaction is considered.



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Approval of the Audit Committee

- All related party transactions require prior approval of the Audit Committee.

Omnibus approval

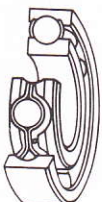
The Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- 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,
 - (ii) the indicative base price / current contracted price and the formula for variation in the price if any (for ex: +/- 5%) and
 - (iii) 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 provided the value does not exceed Rs.1 crore per transaction;

- 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:



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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:

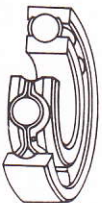
- market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
- third party comparables, valuation reports, price publications including stock exchange and commodity market quotations;
- management assessment of pricing terms and business justification for the proposed 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 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 (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;



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- 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.
- Transactions meeting the materiality thresholds laid down which are intended to be placed before the shareholders for approval.

Approval of the Shareholders of the Company

All the transactions with related parties meeting the materiality thresholds, laid down are placed before the shareholders for approval.

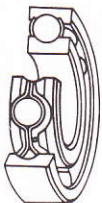
For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

Regulation 23(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides that the requirement for seeking shareholders' approval shall not be applicable to transactions between AECL and its wholly owned subsidiary/ies whose accounts are consolidated with the Company.

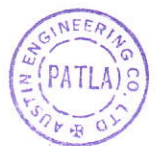
In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business and at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

SCOPE LIMITATION

In the event of any conflict between the provisions of this policy and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/Companies Act, 2013 or any statutory enactments, rules, the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/ Companies Act, 2013 or statutory enactments, rules shall prevail over this policy.



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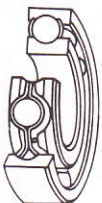
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DISCLOSURE

The particulars of contracts or arrangement with related parties referred in section 188(1) of the Companies Act 2013 should be disclosed in the Directors Report in the prescribed format. The particulars of contracts or arrangement with related parties as per the Accounting Standards should be disclosed in the Financial Statements in the prescribed format. Details of all material transactions with the Related Parties should be disclosed to the Stock Exchanges on quarterly basis along with the Corporate Governance Compliance Report.

APPLICABILITY OF LAW

The provisions of the Companies Act, 2013 and rules made there under and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment thereto from time to time), Accounting Standards, Income Tax Act, 1961 to the extent applicable, shall also apply in addition to this Policy from time to time.



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