

**FABTECH TECHNOLOGIES LIMITED**  
**(FORMERLY KNOWN AS FABTECH TECHNOLOGIES PRIVATE LIMITED)**

**POLICY ON RELATED PARTY TRANSACTIONS**

## **1. INTRODUCTION**

Sub-regulation 1 of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (effective December 1, 2015) requires 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 Fabtech Technologies Limited (formerly known as Fabtech Technologies Private 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**

- 3.1 “**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.
- 3.2 “**Board of Director**” or “**Board**” means the Board of Directors of Fabtech Technologies Limited, as constituted from time to time.
- 3.2 “**Key Managerial Personnel**” shall have the meaning ascribed to the term under Section 2(51) the Companies Act, 2013 and shall mean:
- (i) the Chief Executive Officer or the Managing Director or the manager;
  - (ii) the Whole-time Director;
  - (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
  - (iv) such other officer as may be prescribed under the Companies Act, 2013.
- 3.3 “**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 INR 25

Crores or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or 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 Company as per the last audited financial statements of the Company.

3.4. **“Material Modifications”** means any subsequent change to an existing and approved Related Party Transaction, having variance of 20% of the existing limit or Rs.10 crores whichever is lower.

3.5 **“Policy”** means this policy on Related Party Transactions as amended from time to time

3.6 **“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;
- (ii) A related party as defined under Regulation 2(1)(zb) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 or
- (ii) a related party under the applicable accounting standards.

(A) 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 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 company which is –
  - (A) a holding, subsidiary or an associate company of the company;or
  - (B) a subsidiary of a holding company to which it is also a subsidiary;
  - (c) an investing Company or the venturer of the Company
- (ix) such other person as may be prescribed

(B) The parties specified under Regulation 2 (1)(zb) of the SEBI (LODR) Regulations, 2015 states that a related party shall mean:

A related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that: (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or  
(b) any person or any entity, holding equity shares:

- (i) of twenty per cent or more; or
- (ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party

*Any amendment to the definition of a related party in terms of the Companies Act, 2013 or the SEBI (LODR) Regulations, 2015, shall be deemed to be applicable to the company irrespective of any amendment in the above definitions in this policy.*

3.7 **“Related Party Transaction”** means a transaction involving a transfer of resources, services or obligations between:

- (i) 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
- (ii) 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; 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:

**Provided that the following shall not be a related party transaction:**

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange

Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

- (b) 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. subdivision or consolidation of securities;
  - iii. issuance of securities by way of a rights issue or a bonus issue; and
  - iv. buy-back of securities.
  
- (c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

3.8 “**Relative**” means relative as defined under 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);
- (xi) one person is related to the other in such manner as may be prescribed under the Companies Act, 2013.

#### 4. **POLICY**

##### 4.1. **Identification of Related Parties:**

- 4.1.1. The Company Secretary in consultation with the Chief Financial Officer, based on the statements provided by the Directors and Key Managerial Personnel and also based on the corporate arrangement shall formulate a list of all persons who shall be measured as related parties with reference to the Company.

4.1.2. Every promoter, director and key managerial personnel (KMP) of the Company and its subsidiaries/ Joint venture shall:

- a) at the time of appointment;
- b) periodically – as required by the Company or applicable law
- c) whenever there is any change in the information already submitted, provide requisite information about his / her Relatives and all firms, companies, body corporates, or other association of individuals, in which such promoter, director or KMP is interested, whether directly or indirectly, to the Company or the subsidiary/ Joint venture (as the case may be). Every such promoter, director and KMP shall also provide any additional information about the transaction, that the Board /Audit Committee may reasonably request.

#### **4.2. Identification of potential Related Party Transactions:**

Each Director and Key Managerial Personnel is accountable for providing notice to the Board or Audit Committee of any probable Related Party Transaction concerning him or her or his or her Relative, including any supplementary information about the transaction that the Board/Audit Committee may rationally request. The Audit Committee would regulate whether the transaction does, in fact, establish a Related Party Transaction necessitating compliance with this policy.

#### **4.3. 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 shall 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 on 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 seen and aforesaid details are not available, Audit Committee may grant

omnibus approval for such transactions subject to their value not exceeding Rs. 1,00,00,000 (Rupees One Crore Only) per transaction.

- d. 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.
- 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 ordinary resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Nothing contained in this Paragraph 4.3 shall apply to transactions entered into between the Company and its wholly owned subsidiary/ies 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").

#### **4.4. Review and Approval of Related Party Transactions by Audit Committee**

All Related Party Transactions, including Material Related Party Transaction and material modifications to already approved related party transactions, will be put to the Audit Committee for its review and prior approval in an Audit meeting or by way of circular resolution is required. 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 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 elects to review any such matter or 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.

The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions and Material modifications thereof, entered into by the Company pursuant to the omnibus approval. Certain procedural aspects concerning review of a Related Party Transaction may be modified or waived by the Committee, at its discretion. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for consideration, and ratification, if appropriate.

The Audit Committee shall also pre-approve Related Party Transactions, where the Company is not a party, but the Company's subsidiary is a party, if the value of such transaction crosses the thresholds as prescribed under the Listing Regulations.

#### **4.5. Board's Approval**

If the Audit 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 it is mandatory under the Act or any law for Board to approve the Related Party Transaction then the Board shall consider and approve it and the consideration 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.

Further, In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length basis, the Board will inter alia consider factors such as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction and any other information the Board may deem important/relevant for taking decision on a proposed transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

Any member of the Board who is in any way, whether directly or indirectly, concerned or interested in any Related Party Transaction shall abstain from discussion and voting.

#### **4.6. Shareholder's Approval**

If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, or (ii) not in the ordinary course of business, or not



at arm's length basis and exceeds certain thresholds prescribed under the Act, then such Related Party Transaction and any subsequent Material modification thereto, shall require shareholders' approval by a resolution. In such case, any member of the Company who is a Related Party, irrespective of being related to the said transaction or not, shall not vote on resolution passed for approving such Related Party Transaction.

The provisions of Regulation 23(2), (3) and (4) of the Listing Regulations shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary and between two wholly-owned subsidiaries, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the Company would seek post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/regulations.

## **5. REPORTING OF RELATED PARTY TRANSACTIONS**

Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

The details of all transactions with Related Parties shall be submitted, in the prescribed format to the stock exchanges, and requisite disclosures shall be made in other public documents/certificates as legally required, in the manner and as per the timelines set out in the Listing Regulations and the same shall be published on the Company's website.

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

## **6. REVIEW AND UPDATION OF THE POLICY**

The Board shall review this policy at least once in every three years and make such amendments as required under any Statute, as applicable and if necessary shall update the same on the recommendation of the Committee.

## **7. DISCLOSURES**

This Policy will be disclosed on the Company's website ([www.fabtechnologies.com](http://www.fabtechnologies.com)) and a web link thereto would be disclosed in the Annual Report of the Company.

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