



DRIVING  
**SAFETY**  
THROUGH  
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## **ASK AUTOMOTIVE LIMITED**

### **POLICY ON RELATED PARTY TRANSACTIONS**

#### **PURPOSE OF THIS POLICY**

ASK Automotive Limited ("**Company**") has formulated this Policy on dealing with Related Party Transactions ("**RPT**") and materiality of RPT ("**Policy**") 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). This Policy regulates all transactions between the Company and its Related Parties. The board of directors of the Company has adopted the Policy vide its Board meeting held on 16<sup>th</sup> May, 2023.

#### **DEFINITIONS**

- A. "Act" means the Companies Act, 2013, as amended read with the rules, clarifications, circulars, and orders issued thereunder from time to time including any modification or re-enactment thereof.
- B. "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.
- C. "Audit Committee" means the Audit Committee of the Company constituted by the Board of Directors of the Company ("**Board**"), from time to time, under Section 177 of the Act and the SEBI Listing Regulations.
- D. "Key Managerial Personnel" means key managerial personnel as defined under sub-section (51) of section 2 of the Act.
- E. Listing Regulations means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended from time to time.
- F. "Material Related Party Transaction" means Related Party Transaction exceeding Rs 1000 crores or 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Further, 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 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- G. "Material Modification" means any subsequent change to an existing Related Party Transaction, having a variance of 10% of the existing limit.
- H. "Ordinary course of business" means the usual transactions, customs, and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per the Memorandum & Articles of Association.
- I. "Related Party" means a related party as defined under sub-section (76) of section 2 of the Act or under the applicable accounting standards and the SEBI Listing Regulations.
- J. "Relative" means a related party as defined under sub-section (76) of section 2 of the Act and the SEBI Listing Regulations.
- K. "Related Party Transaction" means the transaction as prescribed under Regulation 2(1)(zc) of SEBI Listing Regulations and Section 188 of the Companies Act.

- L. "SEBI" means the Securities and Exchange Board of India.
- M. "Subsidiary" shall mean a subsidiary as defined under the Companies Act.
- N. "Transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the Listing Regulations.

## **REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS**

### **1. Approval of the Audit Committee**

- I. Identification of Related Party Transactions:  
The chief financial officer of the Company ("**CFO**") is responsible for the identification of the potential Related Party Transactions and for providing necessary information in advance to the company secretary of the Company ("**Company Secretary**") for initiating the process to obtain the necessary approvals of the Audit Committee.
- II. Approval process:
  - i. All Related Party Transactions and subsequent Material Modifications shall require prior approval of the Audit Committee. Accordingly, all proposed Related Party Transactions must be reported to the Audit Committee for prior approval by the Committee.  
Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.
  - ii. The CFO or Company Secretary shall provide to the Audit Committee all relevant material information of all Related Party Transaction(s), including the terms of the Related Party Transaction(s), the business purpose of the Related Party Transaction(s), the benefits to the Company and to the Related Party.
  - iii. In determining whether to approve a Related Party Transaction, the Audit Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:
    - a) Whether the terms of the Related Party Transaction are fair and on an arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
    - b) Whether the Related Party Transaction would affect the independence of a director or key managerial personnel of the Company;
    - c) Whether the proposed Related Party Transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed Related Party Transaction; and
    - d) Whether the Related Party Transaction is in the nature of the 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 or the Audit Committee deems relevant; and
    - e) Whether there are any compelling business reasons or rationale for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any.

- iv. Subject to the provisions of the applicable laws, the Audit Committee will have the discretion to approve/modify/reject /recommend/refer the proposed Related Party Transaction for the approval of shareholders.
- v. Only those members of the Audit Committee who are independent directors, shall approve Related Party Transactions

### **III. Transactions involving Subsidiaries**

- a. A Related Party Transaction to which the Subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten percent) of the annual standalone turnover, as per the last audited financial statements of the Subsidiary;
- b. However, prior approval of the audit committee of the Company will not be required for a Related Party Transaction to which the Company's listed Subsidiary is a party but the Company is not a party, if regulations 23 and 15(2) of the Listing Regulations are applicable to such listed Subsidiary.
- c. For Related Party Transactions of unlisted Subsidiaries of a listed Subsidiary of the Company, the prior approval of the audit committee of the listed Subsidiary shall suffice.

### **IV. Ratification of Related Party Transactions**

The members of the audit committee, who are independent directors, may ratify related party transactions within 3 (three) months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- i. the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees 1 (one) crore;
- ii. the transaction is not a material related party transaction;
- iii. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- iv. the details of ratification shall be disclosed along with the disclosures of related party transactions;
- v. any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

### **V. Omnibus Approval**

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company or its subsidiaries subject to the following conditions:

- i. The Audit Committee shall, after obtaining approval of the Board of Directors of the Company ('the Board'), specify the criteria for making omnibus approval for related party transactions, which shall include the following:
  - a) Maximum value of related party transactions, in the aggregate, which can be allowed under the omnibus approval mechanism;
  - b) Maximum value per related party transaction which can be allowed;

- c) Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval; .
  - d) Review, at such intervals as the Audit Committee may deem fit, of Related Party Transactions entered into by the Company or its subsidiary pursuant to each of the omnibus approval made;
  - e) Related party transactions which cannot be covered under the omnibus approval mechanism.
- ii. Based on the aforementioned criteria, the Audit Committee may, in the interest of the conduct of affairs of the Company, grant omnibus approval for related party transactions that are repetitive in nature, in accordance with the conditions laid down under the Listing Regulations. .
  - iii. Such omnibus approval shall specify (i) the name/s of the related party, nature of the transaction, period of transaction, the 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;
  - iv. Provided that where the need for Related Party Transaction 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. 1 (one) crore per transaction.
  - v. While assessing a proposal for approval under the omnibus mechanism, the Audit Committee shall satisfy itself on the need for such approval and that the same is in the interest of the Company.
  - vi. Transactions of the following nature shall be outside the purview of the omnibus approval mechanism:
    - a) Transactions that are not in the ordinary course of business or not at arm's length.
    - b) Transactions that are not repetitive or unforeseen in nature.
    - c) Transactions exceeding the threshold limits specified for omnibus approval.
    - d) Inter-corporate loans given/taken to/from related parties and purchase/sale of investments from/to related parties.
    - e) Transactions in respect of the sale or disposal of an undertaking.
    - f) Any other transaction as may be specified by the Audit Committee.
  - vii. Such omnibus approval referred to in (i) and (ii) above shall be valid for a period not exceeding 1 (one) year and shall require fresh approval after the expiry of 1 (one) year. .
  - viii. The Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into pursuant to each of the omnibus approval given.

## **2. Shareholders' Approval**

### **I. Transactions not in the 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 a such special resolution, if such member is a related party.

### **II. Material Related Party Transaction and subsequent Material Modifications**

- i. All Material Related Party Transactions-and any subsequent Material Modification thereto, shall require prior shareholders' approval by a resolution.
- ii. No Related Party will be allowed to vote to approve such resolutions whether the entity is a Related Party to the particular transaction or not. .

- iii. Prior approval of the shareholders of the Company shall not be required for a Related Party Transaction to which the listed Subsidiary is a party but the Company is not a party, if Regulations 23 and 15(2) of the Listing Regulations are applicable to such listed Subsidiary.
  - iv. For Material Related Party Transactions and subsequent Material Modifications of unlisted Subsidiaries of a listed Subsidiary of the Company, the prior approval of the shareholders of the listed Subsidiary shall suffice.
- 3. Disclosures in respect of related party transactions will be made in accordance with the applicable laws/regulations.
  - 4. In the event of any inconsistency between this Policy and the applicable laws, the applicable laws (as existing on the date of the concerned transaction) shall prevail.
  - 5. The Board shall review this Policy once in 3 (three) years and update it accordingly.
  - 6. This Policy will also be posted on the Company's website [www.askbrake.com](http://www.askbrake.com) and web link thereto will be disclosed in the Annual Report of the Company,
  - 7. The Company shall submit to the stock exchanges disclosures of Related Party Transactions in the format as specified by SEBI from time to time, and publish the same on its website.