



20 MICRONS LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

Details of Adoption / Amendments to the Policy				
Policy Adoption / Change effective Date	Clause No.	Particulars of the Adoption / Change	Board Approval Date	Version of Policy
01.10.2014		Adoption of Policy	27.09.2014	Original
07.11.2019	Various Clauses	Pursuant to the amendments in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, from time to time	07.11.2019	V-2
21.01.2022	Various Clauses	SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) (SIXTH AMENDMENT) REGULATIONS, 2021	21.01.2022	V-3



OVERVIEW:

20 MICRONS LIMITED (the “Company”) has adopted this Policy for the Related Party Transactions pursuant to the provisions of Section 188 of the Companies Act, 2013 (“the Act”) read with The Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time in order to ensure the transparency and procedural fairness of Related Party Transactions.

PURPOSE / POLICY STATEMENT:

This Policy aims to ensure that the transactions with related parties are carried out in fair manner and in compliance of applicable Laws and regulations, to ensure the transparency, ensure fairness in the conduct of related party transactions, in terms of the applicable laws.

This Policy deals with materiality threshold, process of identification, disclosures and the manner of dealing Transactions with Related Party by the Company keeping in view the provisions of the Act read with the rules made thereunder and LODR.

APPLICABILITY / GOVERNING LAWS:

The RPT Policy will be applicable to the Company with respect to all Transactions with Related Party including changes, if any, in related parties from time to time.

Statutory provisions with respect to the RPTs are covered under Sections 2 (76), 2(77) and 188 of the Companies Act, 2013 and Rule 15 of The Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments or re-enactments in the said provisions from time to time.

DEFINITIONS:

<i>Arm’s Length Transaction</i>	Means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.
<i>Audit Committee</i>	Means Committee of Board of Directors of the Company constituted under provisions of Regulation 18 of LODR and Section 177 of the Act.
<i>Board of Directors” or “Board</i>	In relation to the Company means the collective body of the directors of 20 Microns Limited.
<i>Control</i>	Shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
<i>Key Managerial Personnel</i>	Means key managerial personnel as defined under the Companies Act, 2013 and includes: i. the Chief Executive Officer, or the Managing Director or the Manager; ii. the Company Secretary; iii. the Whole-time director; iv. Chief Financial Officer; and v. 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 vi. such other officer as may be prescribed.

Material Related Party Transaction	Means the transactions entered or to be entered into with related party exceeds the threshold as defined under Regulation 23 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendments made, if any, from time to time.
Policy	Means Related Party Transaction Policy.
Related Party	Means a related party as defined under: <ul style="list-style-type: none"> - Section 2 (76) of the Companies Act, 2013 - Regulation 2 (1) (zb) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - under the applicable accounting standards and includes the amendments made, if any, in the above from time to time.
Related Party Transaction	Means the transactions as defined under : <ul style="list-style-type: none"> - Clause (a) to (g) of sub-section 1 of Section 188 of the Companies Act, 2013. - Regulation 2 (1) (zc) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes the amendments made if any, in the above from time to time. A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract."
Relatives	Means the persons as defined in Section 2(77) of the Act read with clause 4 of The Companies (Specification of definition details) Rules, 2014.

IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS:

Each Director and Key Managerial Personnel is responsible for providing Notice to the Board or Audit Committee of any potential RPT involving him/her or his/her relative, including any additional information about the transaction that the Board or Audit Committee may request. The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a RPT requiring compliance with this Policy.

The Company strongly prefers to receive such notice of any potential transactions with Related Party well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.



PROCEDURE FOR IDENTIFICATION OF POTENTIAL RELATED PARTIES:

- Once a year, declarations will be obtained by the Company Secretary or Compliance Officer as the case may be from the Directors and KMP and other related parties within the meaning of Section 2(76), 184 and 189 of the Act and LODR in the prescribed format.
- The declarations will also be required to be updated by the Directors and KMP regularly immediately upon a change taking place.
- Any individual appointed/elected as a Director or KMP shall be responsible to promptly complete and submit to the Company Secretary or Compliance Officer as the case may be, the disclosure declaration referred to above.

APPROVAL OF RELATED PARTY TRANSACTIONS:

PRIOR APPROVAL OF AUDIT COMMITTEE:

- All Transactions with Related Party of the Company as prescribed under the Act and LODR shall require prior approval of Audit Committee, whether at a meeting or by Resolution by circulation.
- The Audit Committee may grant omnibus approval for such Transactions proposed to be entered into by the Company subject to the following conditions as defines under Section 177 of the Act and / or as defined under Regulation 23 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendments from time to time.
- A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether 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 listed entity;
- With effect from 1st April, 2023 a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

APPROVAL OF BOARD OF DIRECTORS:

- RPTs within the scope of Section 188 of the Act, which are either not in the Ordinary Course of Business or are not at Arms' Length shall require prior approval of the Board of Directors or such transactions may be ratified by the Board as permissible under the provisions of said section.

SHAREHOLDERS' APPROVAL REQUIREMENTS:

- RPTs covered within the scope of Section 188 of the Act; which are either not in the 'Ordinary Course of Business' or are not on an 'Arm's Length Basis' and exceed the threshold prescribed under the rules made thereunder, shall require prior approval of the shareholders or such



transactions may be ratified by the shareholders as permissible under the provisions of said section.

- All “Material Related Party Transactions” and “Subsequent Material Modifications” covered under Regulation 23 (4) of SEBI (LODR) Regulations, 2015 shall require prior approval of the shareholders even if they meet the twin requirement of arms’ length and ordinary course of business.

MATERIAL MODIFICATIONS:

- Material Modification shall mean any subsequent changes in terms and conditions of transactions with related parties which if made would have substantial impact on the related party transactions and which shall be determined on case to case basis by the Audit committee or the Chairman of the Committee as may be authorized.
- Any change in the terms and conditions of related party transactions which results into change of more than 25% from the existing threshold shall be deemed to be material modification for which the approval will be required to be obtained as provided under Regulation 23 of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 including any amendments made, if any from time to time.

EXEMPTIONS FROM OBTAINING THE APPROVAL OF SHAREHOLDERS:

- The transaction entered into between the Company and its wholly owned subsidiary company whose accounts are consolidated with the Company and placed before the shareholders at the general meeting.
- Such other exemptions as are mentioned in Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 including statutory amendments made from time to time.

VOTING ON THE RELATED PARTY TRANSACTIONS BY MEMBERS:

None of the related parties of a company shall vote to approve such resolution irrespective of whether the entity is a related party to the particular transaction or not.

MATERIALITY THRESHOLDS:

The Company has fixed the following materiality threshold for the purpose of Regulation 23(1) of LODR:

Sr. No.	Description of Transaction	Threshold Limit
1.	Sale, purchase or supply of any goods or materials	10% or more of the turnover of the Company
2.	Selling or otherwise disposing of or buying property of any kind	10% or more of the net worth of the Company
3.	Leasing of property of any kind	10% or more of the turnover of the Company
4.	Availing or rendering of any services	10% or more of the turnover of the Company
5.	Appointment to any office or place of profit in the	Monthly remuneration exceeding rupees two and half lakh rupees

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	Company	
6.	Payment to a Related Party with respect to brand usage or royalty	5% of the annual consolidated turnover of the Company

In addition to the transactions mentioned above, the provisions of Section 188 of the Companies Act, 2013 read with relevant rules framed thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time shall be applicable for considering the limits of the related party transactions.

Note: All the transactions mentioned above should be taken individually or together with previous transactions during a financial year and the annual consolidated turnover and net worth shall be computed on the basis of last audited financial statements of the Company.

MAINTENANCE OF REGISTERS:

The Company shall keep and maintain a register, giving the particulars of all contracts or arrangements to which Section 188 of the Companies Act, 2013 applies. If Section 188(1) is not applicable because of the exception under the third proviso to Section 188(1) i.e. transaction with related party at arms' length basis and in the ordinary course of business, the requirement regarding entries in the Register under Section 189 of the Companies Act, 2013 would not apply and hence no entries in the register would be necessary.

The register shall be preserved as per the requirements of the application provisions of Companies Act, 2013 and shall be kept in the custody of the Company Secretary /Chief Financial Officer of the Company or any other person authorized by the Board for the purpose.

DISCLOSURE:

- Disclosures with respect to Transactions with Related Party shall be made as per applicable provisions of the Act and LODR.
- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- The Company shall disclose this policy relating to Related Party Transactions on its website and a web-link will be provided in the Annual Report.

COMMUNICATION OF THIS POLICY:

This Policy will be communicated to all operational employees and other concerned persons including Key Managerial personnel and departmental heads of the Company.

AMENDMENT:

The Board of Directors reserves the power to review and amend this policy from time to time. Any exceptions to the Policy on Related Party Transactions must be consistent with the Companies Act 2013, including the Rules promulgated thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the event of any conflict between the provisions of this Policy and of LODR / the Act or any other statutory enactments, rules, then later shall prevail.