

**PATELS AIRTEMP (INDIA) LIMITED**  
**(CIN No. L29190GJ1992PLC017801)**

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

**1. Purpose:**

The Board of Directors (the “Board”) of Patels Airtemp (India) Limited (“the Company”), based on recommendations of the Audit Committee, has adopted the Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions (the “Policy”) in terms of the requirements of Companies Act, 2013 (“Act”) read with the Rules framed thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). The Audit Committee would review and recommend to the Board any amendment / modification to the Policy, as and when required.

**2. Definitions:**

**Accounting Standards** means Accounting Standards notified under Section 133 of the Act.

**Audit Committee** means a Committee of the Board of Directors constituted as per the requirements of Listing Regulations and the Act and Rules.

**Key Managerial Personnel** (‘KMP’) means a person who is a KMP, as defined in sub-section (51) of Section 2 of the Act or KMP within the meaning of the Accounting Standard 18 – Related Party Disclosures (‘AS 18’)/Indian Accounting Standards (Ind AS).

**Policy** means this Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions, as amended from time to time.

**Related Party** or **Related Parties** with reference to a Company shall have the same meaning as defined in Section 2(76) of the Act, Listing Regulations and AS-18/Ind AS.

**Related Party Transaction** means any transaction or arrangement in which the Company and Related Party are contracting parties either directly or indirectly with respect to the items specified in Section 188(1)(a) to (g) of the Act and which involves transfer of resources, services or obligations between a Company and a Related Party, regardless of whether a price is charged as defined in Listing Regulations.

Words and expressions used and not defined in this Policy, but defined in the Act or any Rules framed thereunder or the Securities and Exchange Board of India Act, 1992 and Rules and Regulations framed thereunder or in the Listing Regulations or the Accounting Standards/Indian Accounting Standards shall have the meanings assigned to them in these Regulations.

**3. Scope and Inclusion**

This policy sets definition of Materiality of Related Party Transactions and dealing with Related Party Transactions.

#### **4. Materiality of Related Party Transactions and thresholds:**

Contracts/arrangements with a related party shall be considered as "material related party contracts / arrangements" if the transactions to be entered into individually or taken together with previous transactions during a financial year under such contracts / arrangements exceed ten percent of the annual consolidated turnover of the Company as per the last audited financial statement or such sum as may be prescribed under Listing Regulations, Act and the Rules, whichever is applicable and as amended from time to time.

A transactions involving payments made to related party with respect to brand usage or royalty shall be considered material if the transaction to be entered into individually or taken together with previous transactions during a financial year exceeds two percent of the annual consolidated turnover of the Company as per the last audited financial statement of the

#### **5. Policy**

5.1 All related party contracts / arrangements shall be entered as far as possible on arms' length basis.

5.2 In exceptional circumstances, where permitted by law, related party contracts / arrangements may deviate from the principle of arm's length, after approval from Audit Committee and the Board of Directors, as the case may be.

5.3 All related party contract / arrangements shall be in compliance with the provisions of the Companies Act, 2013, (the "Act") Listing Regulations and applicable Accounting Standards/Indian Accounting Standards, as amended from time to time.

5.4 All domestic related party contracts / arrangements shall, wherever applicable, comply with Domestic Transfer Pricing Requirement under section 92BA of Income Tax Act, 1961 and under the Transfer Pricing Regulations.

5.5 All international related party contract / arrangements shall comply with International Transfer Pricing Requirement under section 92B of Income Tax Act, 1961 and under the Transfer Pricing Regulations.

5.6 All related party contracts / arrangements shall require prior approval of the Audit Committee or the Board of Directors or the Shareholders of the Company, as the case may be, as required under and subject to the Act, Rules and the Listing Regulations.

#### **6. Related Party Transactions not approved under this Policy:**

In the event the Company becomes aware of a transaction with a Related Party that has not been approved under this Policy, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including but not limiting to ratification, revision or termination of such Related Party Transaction.