



APL APOLLO TUBES LIMITED

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

*[Pursuant to Regulation 23 of the
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

Regd. Office: 37, Hargobind Enclave, Vikas Marg New Delhi – 110 092

Corp. Office: SG Centre Plot No 37C, Block-B Sector-132, Noida, Gautam Buddha Uttar Pradesh – 201 304

Tel: +91-11-22373437; +91 - 120 6918000

CIN: L74899DL1986PLC023443

Email: investors@aplapollo.com

Website: <https://aplapollo.com>

1) PREAMBLE

This policy on materiality of related party transactions and on dealing with related party transactions ("**Policy**") is for determining the materiality of Related Party Transactions and also about dealing with Related Party Transactions. This Policy is prepared and adopted to build a framework for the Related Party Transactions of APL Apollo Tubes Limited ("**the Company**") and its subsidiaries in accordance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") read with the provisions of the Companies Act, 2013 ("**the Act**") and relevant rules made thereunder; as amended from time to time. This Policy shall regulate the transactions between the Company, its subsidiaries and its related parties as per the requirements and disclosures under the applicable laws, rules and regulations.

2) PURPOSE OF THE POLICY

Regulation 23(1) of the SEBI Listing Regulations, mandates that all listed companies formulate a policy on materiality of related party transactions and also on dealing with related party transactions, to ensure the proper approval and reporting of transactions between the Company and its Related Parties. The Company is required to make various disclosures of its related party transactions before the Audit Committee, Board or Shareholders, as the case may be, and also disclose the same as required, in its Board Report, Financial Statements or any other documents as provided under law, on an annual basis and in the compliance report to be sent to the stock exchanges on half yearly basis. This Policy is also prepared for the identification and regulation of the Related Party Transactions keeping in view the provisions of the Act and the rules made thereunder.

3) DEFINITIONS

- 3.1) 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.
- 3.2) Board:** means the Board of directors of the Company.
- 3.3) Committee:** means the Audit committee of the Company, constituted in accordance with the Act and the SEBI Listing Regulations.
- 3.4) Industry Standards:** shall mean the Industry Standards on 'Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction as notified by SEBI vide its circular dated February 14, 2025.
- 3.5) Key Managerial Personnel ("KMP"):** shall have the meaning as defined under Regulation 2(1)(o) of the SEBI Listing Regulations read with Section 2(51) of the Act, as amended from time to time and includes any person so authorized and designated by the Board of Directors of the Company as KMP.
- 3.6) Material Related Party Transaction:** means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transaction(s) during a financial year, exceeds ₹1,000 Crore (Rupees One Thousand crore only) or 10% (Ten percent) of the annual consolidated turnover as per the last audited financial statements of the Company, whichever is lower.

Provided 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 transaction(s) during a financial year, exceeds 5% (Five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the listed entity.

3.7) Material Modifications: shall mean and include any modification to an existing related party transaction having variance of 20% or more of the existing value as sanctioned by the Audit Committee, Board or Shareholders, as the case may be.

Provided that Audit Committee may while granting approval to any related party transaction, outline the criteria for determining material modification for the said transaction.

3.8) Rules: means the Company (Meetings of Board and Its Powers) Rules, 2014.

3.9) Related Party: means shall have the meaning as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations.

3.10) Relative: with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder.

3.11) Related Party Transaction: shall have the meaning as defined under Section 188 of the Act read with Regulation 2(1)(zc) of the SEBI Listing Regulations, as amended, and includes any transaction involving a transfer of resources, services or obligations between:

- a) the Company or any of its subsidiaries on one hand and a related party of Company or any of its subsidiaries on the other hand; or
- b) the Company 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 Company or any of its subsidiaries;

A transaction with a related party shall be construed to include a single transaction or a group of transactions under a contract, regardless of whether a price is charged, and shall include, but not be limited to, the following—

- i) sale, purchase or supply of any goods or materials;
- ii) selling or otherwise disposing of, or buying, property of any kind;
- iii) leasing of property of any kind;
- iv) availing or rendering of any services;
- v) appointment of any agent for purchase or sale of goods, materials, services or property;
- vi) appointment to any office or place of profit in the Company, its subsidiary or associate company
- vii) underwriting the subscription of any securities or derivatives thereof, of the Company.

Following shall not be considered Related Party Transaction for the Company in terms of SEBI Listing Regulations:

- a) Issue of specified securities on a preferential basis, subject to compliance of the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- b) Corporate actions which are uniformly applicable or offered to shareholders in proportion of their shareholding such as payment of dividend, subdivision or consolidation of securities by the Company, issuance of securities by way of a rights issue or a bonus issue and buy-back of securities.
- c) Retail purchases from the Company or any of its subsidiaries by its directors or employees, without establishing any business relationship and at the terms which are uniformly applicable / offered to all employees and directors.

Further, remuneration and sitting fees paid by the Company or its subsidiaries to its directors,

KMPs 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 clause f of para 2 of this Policy.

3.12) Subsidiary: means a subsidiary as defined under section 2(87) of the Act.

All other terms and references used in the policy but not defined herein shall have the same meaning as is assigned to them under Act, the SEBI Listing Regulations and rules, regulations, notifications and circulars issued thereunder.

4) FRAMEWORK

Following shall be the structure of dealing with Related Party Transactions:

- Identification & Monitoring of Related Parties;
- Identification of potential Related Party Transactions;
- Approval of Related Party Transactions; and
- Disclosure of Related Party Transactions.

4.1) Identification & Monitoring of Related Parties Process for Identification of Related Parties.

a) Identification:

The Company shall identify all Related Parties for the Company on the basis of disclosures received from the Directors, KMPs, Promoter and Promoter Group, Corporate and investment structure, as per the definition provided in the Act and the SEBI Listing Regulations as amended from time to time. Disclosure from the Directors and KMPs shall be received by the Company at the beginning of every financial year and as and when the information changes. Disclosure from promoter and promoter group shall be received by the Company at the beginning of every financial year.

At the end of every financial year, the Company shall identify the person(s) apart from promoter or promoter group, who at any time during the proceeding financial year held 10% of the equity shares of the Company.

The names of all Related Parties identified by the Company shall be consolidated into a Related Party List, which shall be updated from time to time and progressively shared with the Accounts and Finance team of the Company and its Subsidiaries.

b) Monitoring of Related Parties:

The Directors, KMPs and Promoter and Promoter Group of the Company should promptly communicate to the Company, any subsequent changes in the initial disclosure submitted by them in the beginning of the financial year. The Company shall update the Related Party List based on intimations received from the Directors, KMPs and Promoter and Promoter Group or changes in corporate or investment structure as informed from time to time.

c) Responsibility of Directors and KMPs:

Each Director and KMP is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board or Committee may reasonably request.

d) Time Line:

The Company strongly prefers to receive such notice of any potential Related Party Transaction

well in advance so that the Board or Committee has adequate time to obtain and review information about the proposed transaction.

4.2) Identification of potential Related Party Transactions.

The Company shall identify the related party transactions in accordance with Section 188 read with Section 177 of the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations and clause k of para 3 of this Policy.

Once the related party transactions are identified, the Management shall categorize the transactions under the following categories as per the Industry Standards and place applicable disclosures before the Committee seeking approval:

- a) Material Related Party Transactions; or
- b) Other Related Party Transactions, but with promoter or promoter group or person/ entity in which promoter or promoter group has concern or interest; or
- c) Residual Related Party Transactions.

4.3) Approval of Related Party Transactions.

a) Audit Committee

Prior approval of the Audit Committee shall be required for:

- i) All Related Party Transactions and subsequent material modifications thereof; or
- ii) Related Party Transactions to which subsidiary is a party but the Company is not a party, if the value of transaction whether entered into individually or taken together with previous transactions during a financial year exceeds the threshold of 10% of the annual standalone turnover of the subsidiary, as per the last audited financial statements of the subsidiary.

Prior approval of the Audit Committee shall not be required for:

- i) Related Party Transactions, where the listed subsidiary is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.
- ii) Related Party Transactions of unlisted subsidiaries of listed subsidiary of the Company, where the prior approval of the audit committee of the listed subsidiary is obtained.
- iii) Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- iv) Transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- v) Remuneration and sitting fees paid by the Company or its subsidiaries to its directors, KMPs or senior management, except who is part of promoter or promoter group, provided that the same is not material in terms of the provisions of Regulation 23 of the SEBI Listing Regulations.

Members of the Audit Committee, who are independent directors, shall alone approve Related

Party Transactions. Any member of the Audit Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of such Related Party Transaction.

Omnibus Approval:

- i) The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company or its subsidiary subject to the following conditions:
 - 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.
 - The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
 - Such omnibus approval shall specify:
 - The name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into.
 - The indicative base price / current contracted price and the formula for variation in the price, if any.
 - Minimum information about the Related Party Transactions as per the provisions of the Industry Standards.
 - Such other conditions as the Audit Committee may deem fit.
- ii) 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 ₹1 Crore (Rupees One Crore only) per transaction.
- iii) Audit Committee shall review, at-least on a quarterly basis, the details of Related Party Transactions entered into by the Company or its subsidiary pursuant to each of the omnibus approval given.
- iv) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- v) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- vi) Omnibus approval can be granted by the audit committee for related party transactions of the Company as well as of its subsidiaries.

Modification:

While considering any modification in any Related Party Transaction, the Audit Committee shall also consider the following:

- i) Need for the modification and factors on account of which modification is necessary.
- ii) Whether subject of modification could have been assessed at the time of approval of original transaction itself.

The Audit Committee can take necessary professional help in order to determine whether the

transaction is in ordinary course of business and on arm's length basis. It shall also consider whether the Committee was informed of the proposed transaction well in advance, and whether all the relevant information was disclosed or not, including no suppression of facts.

b) Board of Directors

The following kinds of transactions with related parties shall be placed before the Board of Directors for approval:

- i) Transactions which are not in ordinary course of business and/ or not at arm's length price as specified in Section 188(1) of the Act.
- ii) Transactions other than those mentioned in section 188, which are referred by the Audit Committee, shall be placed for consideration for approval of the Board.
- iii) Material Related Party Transactions

The agenda of the Board meeting at which the resolution related to Related Party Transaction is proposed to be moved shall disclose-

- i) Name of the Related Party and nature of relationship.
- ii) Nature, duration and particulars of the contract or arrangement.
- iii) Material terms of the contract or arrangement including the value, if any
- iv) Any advance paid or received for the contract or arrangement, if any.
- v) The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract.
- vi) Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors.
- vii) Minimum information about the Related PTs as per the provisions of the Industry Standards Note.
- viii) Any other information relevant or important for the Board to take a decision on the proposed transaction.

c) Shareholders' Approval

- i) All the transactions with related parties exceeding the materiality thresholds, laid down in this Policy, are placed before the shareholders for approval.
- ii) For this purpose, none of the related parties of the Company shall vote to approve on such shareholders' resolution irrespective of whether the entity is a related party to the particular transaction or not. (Related Parties can cast only negative vote to reject the shareholders' resolution of material Related Party Transaction).
- iii) In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in the rules are placed before the shareholders for its approval.

However, the requirement of shareholders' prior approval for Material Related Party Transactions shall not be applicable for the following cases:

- i) transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy, Code 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.
- ii) Related Party Transactions, where the listed subsidiary of the Company is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.

- iii) Related Party Transactions of unlisted subsidiaries of the listed subsidiary of the Company, where the prior approval of the shareholders of the listed subsidiary is obtained.
- iv) Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- v) Transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

4.4) Threshold Limit

The threshold limits for dealing with Related Party Transaction shall be the aggregate amount(s) approved/ratified by the Audit Committee, Board of Directors or Shareholders, as the case may be, for such period during which the transaction(s) with Related Party(ies) proposed to be entered into by the Company.

4.5) Disclosure of Related Party Transactions

- i) The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transaction.
- ii) The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, the Act as well as additional information specified by SEBI from time to time, for review of the Audit Committee while seeking prior approval of the Related Party Transactions.
- iii) The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, the Act, as well as additional information specified by SEBI from time to time, in the Statement to the notice being sent to shareholders seeking their approval for proposed Related Party Transactions as applicable.
- iv) Adequate disclosure of all related party transactions shall be submitted to the stock exchanges in the format as specified by SEBI from time to time and copy of the same will be posted on the website of the Company. Further, details of all Material Related Party Transactions shall also be disclosed in accordance with Regulation 27 of the SEBI Listing Regulations.
- v) The Company shall disclose the Policy on dealing with Related Party Transactions on its website and also a web link thereto shall be provided in the Annual Report.
- vi) In addition to the above, all necessary information/ details about Related Party Transactions shall be made available wherever required under the provisions of the Act and SEBI Listing Regulations, as amended from time to time.

5) RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THE POLICY

5.1) By Audit Committee

- i) The members of the Audit Committee, who are independent directors, may ratify the related party transactions within 3 months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier.
- ii) Ratification is subject to certain conditions as specified in the SEBI Listing Regulations.

- iii) The failure to seek ratification of the audit committee shall render related party transactions voidable at the option of the Audit Committee and if the transaction is with a related party to any director or is authorized by any director, the director(s) concerned shall indemnify the Company against any losses incurred.

5.2) By Board and shareholders

- i) If any related party transaction is entered without obtaining the consent of the Board or Shareholders, as the case may be and if such approval was required under this Policy, the same is required to be ratified by the Board or the shareholders, as the case may be, within 3 months from the date on which such related party transaction was entered into.
- ii) The Board shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to it under this Policy and shall take any such action it deems appropriate.
- iii) If the related party transaction has not ratified by Board or Shareholders as mentioned above, such related party transaction shall be voidable at the option of the Board or, as the case may be, of the Shareholders and if the related party transaction is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify the Company against any loss incurred by it.

- 5.3) If the Audit Committee, Board, Shareholders decides, not to ratify a particular transaction, then it may direct additional actions in accordance with this Policy.

6) REVIEW & AMENDMENTS

The Committee and the Board shall, at least once in three years, assess the adequacy of this Policy and the Board on recommendation of the Committee may make any necessary or desirable amendments to ensure it remains consistent with the Board's objectives, laws applicable and the best practices. However, the Company Secretary of the Company is authorized to make necessary amendments to this policy as required to align with amendments in statutory provisions or regulatory requirements.