



Solanki Mechanic Works Limited

Policy on Materiality of Related Party Transactions

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

BACKGROUND

In terms of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) (***“Listing Regulations”***) every listed entity shall formulate a Policy on materiality of Related Party Transactions and dealing with the related party transactions. So considering the requirements, the Company has enacted a Policy on Materiality of Related Party Transactions and dealing with the Related Party Transactions (***“Policy”***) in line with Listing Regulations and Companies Act, 2013.

OBJECTIVE

This Policy has been framed to deal with various related party transactions which includes but not limited to material Related Party Transactions or Transaction which are not in the ordinary course of business or on an Arm's Length basis.

This Policy aims to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders. This Policy deals with identification of the Related Parties, materiality threshold for related party transactions and the manner of dealing with the transactions with Related Parties by the Company keeping in view the provisions of the Act and Listing Regulations.

DEFINITIONS

“Material Related Party Transaction” means a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds Rupees fifty crore or ten per cent. of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

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% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Related Party” will have the same meaning as defined under Section 2(76) of the Companies Act, 2013 or under the applicable Accounting Standards, as may be amended from time to time.

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 of ten per cent or more;

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

“Relative” in relation to the related party shall have the same meaning as defined in Section 2(77) of the Companies Act, 2013 read with Rule 4 of The Companies (Specification of definition details) Rules, 2014

“Related Party Transaction” means

- for the purpose of the Act, specific transactions mentioned in clause (a) to (g) of subsection 1 of Section 188;

- for the purpose of Listing Regulations, 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 price is charged and a transaction with the related party shall be construed to include a single transaction or a group of transaction 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 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:

(d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:

Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.

(e) retail purchases from any listed entity or its subsidiary by 24[the directors or key managerial personnel of the listed entity or its subsidiary, and relatives of such directors or key managerial personnel], without establishing a business relationship and at the terms which are uniformly applicable/offered to all 25[employees, directors, key managerial personnel and relatives of directors or key managerial personnel].

Any other term not specifically defined hereinabove shall have the same meaning as defined under the Act, SEBI (Listing Obligations and Disclosure Requirement) Regulations, the Listing Agreement, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

IDENTIFICATION OF RELATED PARTIES

The company has devised a proper mechanism for the identification and updating the list of related parties. Each director and Key Managerial Personal is responsible for providing relevant disclosures to the Board or Audit Committee relating to the concern or interest in any company/ companies or bodies corporate, firms or the other association of individuals which shall include shareholding. Such notice shall be provided to the company at the time of appointment and also at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made.

MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

Review and approval of Audit Committee:

In terms of Regulation 23 of Listing Regulation, prior approval of the Audit Committee is required for entering into transactions with related parties. Only those members of the audit committee, who are independent directors, shall approve related party transactions. Any member of the Committee who is in any way concerned or interested in any Related Party Transaction, shall remain abstain from discussion and voting on any such resolution. Further on regular basis the transactions entered by the Company with the related parties which are in the ordinary course of business and on Arm's Length basis shall be placed before the committee on quarterly basis for its ratification.

However the Audit committee may grant omnibus approval in case of frequent/ regular/ repetitive transactions with related parties which are in the normal/ ordinary course of business of the Company. While granting such approval the Audit Committee shall satisfy itself regarding the need for the omnibus approval and that same is in the interest of the Company.

The omnibus approval shall specify the following:

- a. Name of the related party
- b. Nature of the transaction
- c. Period of the transaction
- d. Maximum amount of the transactions that can be entered into
- e. Indicative base price / current contracted price and formula for variation in price, if any
- f. Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied/ amended. Any proposed variations/ amendments to these factors shall require a prior approval of the Committee.

Further, where the need of the related party transactions cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to their value not exceeding rupees one crore per transaction. Further, the Committee shall on quarterly basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

Approval by the Board:

The Related Party transactions as specified under Section (1) of the Section 188 of Act, which are not in the ordinary course of business and on an Arm's Length basis, shall require approval of the Board. Further If the Committee is of the view that certain Related Party Transaction(s) should be brought before the Board or if the Board in any case elects to review any such matter or it is specifically provided under any other provision of the Act to be passed by the Board, then the Board shall consider and approve such Related Party Transactions.

Where any Director is interested in any Contract or Arrangement with a related party, such Director shall not be present at the meeting during the discussions on the subject matter of the resolution relating to such contract or arrangement.

Approval of Shareholders:

- a) All Material Related Party Transactions shall require approval of the shareholders through a resolution and the Related Parties shall abstain from voting on such resolution (for the purpose of Listing Regulations).
- b) All the related party transaction(s) to be entered into in terms clauses (a) to (g) of subsection 1 of Section 188 the value/ consideration of which is in excess of their respective limits specified under Rule 15(3) of the Companies (Meetings of Board and its Powers) Rule, 2014 other than Transactions specified in the Para (a) above and the transactions which are in ordinary course of business and on Arm's Length basis shall require approval of the shareholders. No member of the Company shall vote on any resolution involving a transaction if such member is a related party.

Related Party Transactions not previously approved:

If at any instance, the Company becomes aware of a Related Party Transaction that has not been approved or ratified, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification/approval.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances in respect of any such transaction(s) and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee / Board deems appropriate under the circumstances.

DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

The Company shall make appropriate disclosures/ reporting with respect to related party transactions, as per the applicable provisions of the Act and Listing Regulations.

The Company shall also maintain relevant register(s) for recording particulars of all such transactions, contracts or arrangements with the related parties as per the relevant provisions of the Act.

AMENDMENT

Any change in the Policy shall be approved by the Board of the Company. The Board shall have the right to withdraw and/ or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

In case any provisions of the Policy are contrary to or inconsistent with the provisions of the Companies Act, 2013, rules framed thereunder and Listing Regulations ("Statutory Provisions"), the provisions of Statutory Provisions shall prevail.

DISSEMINATION OF THE POLICY

The Policy shall be hosted on the website of the Company i.e. www.weldorcnemachines.com

Effective Date: July 22nd, 2026

Date of Approval by Board of Directors: July 22nd, 2026