

DYNAMIC MICROSTEPPERS LIMITED

Regd. Off. : 506, Mathura Arcade, Above Axis Bank, Near Garware Subhash Road,

Vile Parle (East) Mumbai – 400 057

CIN: L45206MH1985PLC036261 Tel. (022) 26831570 Fax. (022) 26840528

POLICY ON DEALING WITH AND MATERIALITY OF RELATED PARTY TRANSACTIONS

1. PURPOSE OF THIS POLICY:

Dynamic Microsteppers Limited (“The Company”) is governed, amongst others, by the rules and regulations framed by Securities and Exchange Board of India (“SEBI”). Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (SEBI LODR) inter alia, provides, that the Company shall formulate a policy on materiality of Related Party Transactions (“RPT”) and also on dealing with Related Party Transactions.

Accordingly, the Company has formulated this policy (Policy) on materiality of Related Party Transactions and on dealing with Related Party Transactions to ensure that the transactions with related parties are undertaken in compliance with the legal requirements and necessary structure for reporting is in place.

This Policy encompasses the mechanism to regulate transactions with related parties in a fair and transparent manner.

2. OBJECTIVE:

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties (*as defined below*) in compliance with the applicable laws and regulations as may be amended from time to time.

This Policy is to set out:

- a) the materiality thresholds for the related party transactions and
- b) the manner of dealing with the transactions between the Company and its related parties in compliance with applicable provisions.

3. DEFINITIONS:

A. “**Act**” means the Companies Act, 2013 including the Rules, Regulations, schedules, clarifications and guidelines issued and amended by the Ministry of Corporate Affairs, from time to time.

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**” shall mean the Audit Committee of the Board of Directors constituted in accordance with the provisions of the Act and the SEBI LODR.

Email Address: dynamicmicrostepperslimited@gmail.com

Web Site: www.dynamicmicrosteppers.com

DYNAMIC MICROSTEPPERS LIMITED

Regd. Off. : 506, Mathura Arcade, Above Axis Bank, Near Garware Subhash Road,
Vile Parle (East) Mumbai – 400 057

CIN: L45206MH1985PLC036261 Tel. (022) 26831570 Fax. (022) 26840528

D. **“Board”** refers to Board of Directors of Dynamic Microsteppers Limited or any Committee of the Board authorized for the purpose of this Policy.

E. **“Company”** means Dynamic Microsteppers Limited.

F. **“Related Party”** shall have the meaning ascribed to it in the SEBI LODR and the Act, including all amendments and modifications thereof from time to time.

G. **“Related Party Transaction or RPT”** shall have the meaning ascribed to it in the SEBI LODR and the Act, including all amendments and modifications thereof from time to time.

H. **“Material related party transaction”**- means a transaction with a related party where any transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statement, whichever is lower.

I. **“Material modification”** means any subsequent change to an existing RPT, having variance of 10% of the existing limit.

J. **“Ordinary course of business”** means the usual transactions, normal/incidental and/or facilitative activities, 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 Memorandum & Articles of Association.

K. **“Net Worth”** shall mean the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the latest audited balance sheet, but does not include reserves created out of revaluation of assets, write- back of depreciation and amalgamation.

L. **“Related Party”** has the meaning as defined in Section 2(76) of Companies Act, 2013 and the Rules made thereunder, i.e.

- a) which is a related party under section 2(76) of the Companies Act, 2013; or
- b) which is a related party under the applicable accounting standards; or
- c) and Regulation 2(1)(zb) of the SEBI LODR Regulations,

Provided that any person or entity forming a part of the promoter or promoter group of the Company; or any person or any entity, holding equity shares of twenty percent or more or ten percent or more (w.e.f. April 1, 2023), in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Act, at anytime, during the immediate preceding financial year shall be deemed to be a related party.

Email Address: dynamicmicrostepperslimited@gmail.com

Web Site: www.dynamicmicrosteppers.com

DYNAMIC MICROSTEPPERS LIMITED

Regd. Off. : 506, Mathura Arcade, Above Axis Bank, Near Garware Subhash Road,

Vile Parle (East) Mumbai – 400 057

CIN: L45206MH1985PLC036261 Tel. (022) 26831570 Fax. (022) 26840528

M. “**Related Party Transaction**” has the meaning as defined under Regulation 2(1)(zc) of the SEBI LODR Regulations as means transfer of resources, services or obligations between a listed entity and a related party or a listed entity or any of its subsidiaries 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, with effect from April 1, 2023; regardless of whether price is charged and a transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract, including but not limited to the following –

- a) sale, purchase or supply of any goods or materials;
 - b) selling or otherwise disposing of, or buying, property of any kind;
 - c) leasing of property of any kind;
 - d) availing or rendering of any services;
 - e) appointment of any agent for purchase or sale of goods, materials, services or property;
 - f) such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company
 - g) underwriting the subscription of any securities or derivatives thereof, of the Company
- Where any director is interested in any contract or arrangement with a Related Party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

4. IDENTIFICATION OF RELATED PARTIES:

The Company has formulated a framework for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the rules framed there under, Regulation 2(1)(zb) of the SEBI LODR Regulations and applicable accounting standards, as amended from time to time.

5. IDENTIFICATION OF RELATED PARTY TRANSACTIONS:

The Company has formulated a framework for identification of related party transactions in accordance with Section 188 of the Act and rules framed thereunder, and Regulation 2(1)(zc) of the SEBI LODR Regulations. The Company has also formulated a framework for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company may seek external professional opinion, if necessary.

6. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION:

a) Audit Committee:

Each Related Party Transaction and subsequent Material Modification shall be subject to the prior approval of the Audit Committee whether at a meeting or through electronic mode. However, the Audit Committee may grant omnibus prior approval for the Related Party Transactions proposed to be entered into with the Company which are repetitive in nature and are in the ordinary course of business

Email Address: dynamicmicrostepperslimited@gmail.com

Web Site: www.dynamicmicrosteppers.com

DYNAMIC MICROSTEPPERS LIMITED

Regd. Off. : 506, Mathura Arcade, Above Axis Bank, Near Garware Subhash Road,

Vile Parle (East) Mumbai – 400 057

CIN: L45206MH1985PLC036261 Tel. (022) 26831570 Fax. (022) 26840528

and on at Arm's Length basis, subject to compliance of the conditions contained in the SEBI LODR Regulations.

Prior approval of the Audit Committee is also required when subsidiary of the Company is a party but the Company is not a party, and if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company.

With effect from April 1, 2023, where 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 ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

Any member of the Committee who has an interest directly or indirectly in any Related Party Transaction shall not be present at the meeting during the discussions on the matters of the resolution relating to Related Party Transaction. Only the Independent Directors will approve the related party transactions at the Audit Committee.

While considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the

business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party and if the committee requires the management shall obtain certification of independent Chartered Accountant to validate the pricing value and that the transaction will be on arm's length basis. The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

Omnibus approval by the Audit Committee

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval/ omnibus approval. While granting the approval the Audit Committee shall satisfy itself of 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;

Email Address: dynamicmicrostepperslimited@gmail.com

Web Site: www.dynamicmicrosteppers.com

DYNAMIC MICROSTEPPERS LIMITED

Regd. Off. : 506, Mathura Arcade, Above Axis Bank, Near Garware Subhash Road,
Vile Parle (East) Mumbai – 400 057

CIN: L45206MH1985PLC036261 Tel. (022) 26831570 Fax. (022) 26840528

- d) Key terms (such as price and other commercial terms contemplated under the arrangement) of the proposed transaction;
- e) Maximum amount of the transactions that can be entered into;
- f) Indicative base price / current contracted price and formula for variation in price, if any; and
- g) such other conditions as the Audit Committee may deem fit.

Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given, if any.

Further any additions that need to be placed before the Audit Committee/Board of Directors in line with the SEBI LODR regulations/amendments will be added thereafter.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for transactions which are repetitive in nature, 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 transaction cannot be foreseen, and all prescribed details are not available, the Committee may grant omnibus approval subject to the value per transaction not exceeding Rs. 1,00,00,000/- (Rupees One Crore only). The details of such transaction shall be reported at the next meeting of the Audit Committee for its review and ratification. Further, the Committee shall on a quarterly basis review the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given 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. In case of omnibus approvals for material Related Party Transactions, obtained from shareholders in general meetings other than AGMs, the validity of such omnibus approvals shall not exceed one year.

With effect from April 1, 2022, the following information with respect to related party transaction as specified in the SEBI circular bearing ref. no. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021 (“**SEBI Circular**”) shall be placed before the Committee –

- i. Type, material terms and particulars of the proposed transaction;
- ii. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- iii. Tenure of the proposed transaction (particular tenure shall be specified);

Email Address: dynamicmicrostepperslimited@gmail.com

Web Site: www.dynamicmicrosteppers.com

DYNAMIC MICROSTEPPERS LIMITED

Regd. Off. : 506, Mathura Arcade, Above Axis Bank, Near Garware Subhash Road,

Vile Parle (East) Mumbai – 400 057

CIN: L45206MH1985PLC036261 Tel. (022) 26831570 Fax. (022) 26840528

- iv. Value of the proposed transaction;
- v. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- vi. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - a) details of the source of funds in connection with the proposed transaction;
 - b) where any financial indebtedness is incurred to make or give loans, inter-corporate, deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure.
 - c) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - d) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- vii. Justification as to why the RPT is in the interest of the listed entity;
- viii. A copy of the valuation or other external party report, if any such report has been relied upon;
- ix. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- x. Any other information that may be relevant.

b) Approval of the Board of Directors of the Company:

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said section and which are not in the ordinary course of business or not at arm's length basis will be placed before the Board for its prior approval. In addition to the transactions defined as Related Party Transactions, the following kinds of transactions with related parties are also placed before the Board for its approval, which are as follows:

- Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee's approval;
- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for its consideration;

Email Address: dynamicmicrostepperslimited@gmail.com

Web Site: www.dynamicmicrosteppers.com

DYNAMIC MICROSTEPPERS LIMITED

Regd. Off. : 506, Mathura Arcade, Above Axis Bank, Near Garware Subhash Road,
Vile Parle (East) Mumbai – 400 057

CIN: L45206MH1985PLC036261 Tel. (022) 26831570 Fax. (022) 26840528

- Transactions which are in the ordinary course of business and at arm's length basis, but which, as per Audit Committee, requires Board approval; and
- Transactions meeting the materiality thresholds, which are intended to be placed before the shareholders for approval.

The agenda of the Board Meeting at which the resolution for related party is proposed shall disclose:

- the name of the related party and nature of relationship;
- the nature, duration of the contract, maximum value and particulars of the contract or arrangement;
- the material terms of the contract or arrangement including the value, if any;
- any advance paid or received for the contract or arrangement, if any;
- the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- 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; and
- any other information relevant or important for the Board to take a decision on the proposed transaction

c) Approval of Related Party Transactions by Shareholders:

All the transactions with related parties exceeding the materiality thresholds and subsequent material modifications which require prior approval of the shareholders, will be placed before the shareholders for approval. For this purpose, all entities falling under the definition of Related Parties shall abstain from voting, irrespective of whether the entity is a party to the particular transaction or not. However, the said requirement would not be applicable in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016 subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

However, the Material Related Transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval shall not require approval of the shareholders.

Provided that the provisions pertaining to –

- Prior approval of the Audit Committee for all RPTs;
- Omnibus approval for RPTs; and
- Prior approval of shareholders for Material Related Party Transactions and subsequent Material Modifications.

Email Address: dynamicmicrostepperslimited@gmail.com

Web Site: www.dynamicmicrosteppers.com

DYNAMIC MICROSTEPPERS LIMITED

Regd. Off. : 506, Mathura Arcade, Above Axis Bank, Near Garware Subhash Road,

Vile Parle (East) Mumbai – 400 057

CIN: L45206MH1985PLC036261 Tel. (022) 26831570 Fax. (022) 26840528

shall not be applicable when the transactions are entered into either between two wholly-owned subsidiaries of the Company or with wholly owned subsidiary/ies by the holding Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

All the transactions, other than the material Related Party Transactions, with the Related Parties which are either not in the ordinary course of business and/ or not at Arm's Length basis shall also require prior approval of the shareholders through resolution, if so, required under any law and the Related Parties shall

not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

The explanatory statement to be annexed to the notice of a general meeting relating to Related Party Transaction shall contain the following particulars namely:

- name of the related party;
- name of the director or key managerial personnel who is related, if any;
- nature of relationship;
- nature, material terms, monetary value and particulars of the contract or arrangement;
- any other information relevant or important for the members to take a decision on the proposed resolution

With effect from April 1, 2022, the following information shall be placed before the shareholders as per SEBI circular for approval of any related party transaction in addition to the requirements under the Act as above.

- a. A summary of the information provided by the management of the Company to the Audit Committee;
- b. Justification for why the proposed transaction is in the interest of the Company;
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the details specified as mentioned above; (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs.)
- d. A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f. Any other information that may be relevant.

d) RPT not approved under this Policy:

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation,

Email Address: dynamicmicrostepperslimited@gmail.com

Web Site: www.dynamicmicrosteppers.com

DYNAMIC MICROSTEPPERS LIMITED

Regd. Off. : 506, Mathura Arcade, Above Axis Bank, Near Garware Subhash Road,
Vile Parle (East) Mumbai – 400 057

CIN: L45206MH1985PLC036261 Tel. (022) 26831570 Fax. (022) 26840528

the matter shall be reviewed by the Audit Committee for the post facto approval. The Audit Committee shall consider all the relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party.

Transaction to the Audit Committee under this Policy and failure of the internal control systems and shall take any such action it deems appropriate.

If prior approval of the Audit Committee/ Board/ Shareholders for entering into a RPTs is not feasible owing to paucity of time and also other administrative inconvenience, then such Related Party Transactions shall be recommended by the Audit Committee for ratification to the Board/ Shareholders, if required, within three months of entering into the Related Party Transaction.

In any case, where the Audit Committee determines not to ratify a Related Party Transactions that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the Board, if the transaction value is within material threshold limit or seeking the approval of the shareholders, if the said threshold limit is breached, payment of compensation by the defaulting person (as may be decided by the Audit Committee) to the related party or the Company as the case may be, etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

7. LIMITATION AND AMENDMENT:

This Policy will be reviewed by the Board of Directors of the Company at least once in every three (3) years and any amendment of any provision of this Policy shall be promptly disclosed on the Company's website. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

8. DISCLOSURE OF THE POLICY:

The Company shall display this Policy on its website and a web link thereto will be provided in its annual report. Disclosure with regard to the RPTs must also be made in accordance with the provisions of the Act.

Email Address: dynamicmicrostepperslimited@gmail.com

Web Site: www.dynamicmicrosteppers.com