

Related Party Transactions Policy

Sintercom India Limited

(This policy is Modified w.r.t. the Sixth Amendment to the SEBI LODR Regulations dated 9th November, 2021 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated 22nd November, 2021 - The amendments shall be effective from April 1, 2022 unless otherwise specified.)

1. BACKGROUND

The Board of Directors (the "Board") of the Company has adopted the following policy and procedures with regard to Related Party Transactions.

The Audit Committee will review and amend this policy from time to time. This policy is to govern transactions between the Company and its Related Parties based on the laws and regulations that are applicable to the Company.

2. PURPOSE

The Board of Directors of Sintercom India Limited ("the Company"), has adopted this Related Party Transaction policy to:

- a) regulate transactions of the Company with its related parties (as defined and identified under the Companies Act, 2013 and Rules made thereunder (the "Act") and the SEBI Listing Regulations);
- b) the audit committee of Company shall define "material modifications" and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;
- c) ensure high standards of Corporate Governance while dealing with related parties; and
- d) ensure optimum compliance with various applicable laws prescribed for related party transactions ("RPT").

3. DEFINITIONS

a) Related Party(ies), means:

1) As per the Act:

"Related party", with reference to a Company, means –

- (i) a director or his relative;
- (ii) key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager [or his relative] is a member or director;
- (v) a public company in which a director or manager [and holds] is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;
- (vi) anybody corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act: Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) any company which is –
 - (A) a holding, subsidiary or an associate company of such company; or
 - (B) a subsidiary of a holding company to which it is also a subsidiary;
 - (C) an investing company or the venturer of the company;"Explanation – For the purpose of this clause, "the investing company or the venturer of a company" means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.]
- (ix) such other person as may be prescribed;

2) As per SEBI listing Regulations

In addition to the related parties defined under the Act and other applicable Accounting Standards or Ind AS:

Provided that:

- a. any person or entity forming a part of the promoter or promoter group of the Company; or
- b. any person or any entity, holding equity shares:
 - i. of twenty per cent or more; or
 - ii. of ten per cent or more, with effect from April 1, 2023;

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in the Company either directly or on a beneficial interest basis as prescribed under Section 89 of the act any time during the immediately preceding financial year shall be deemed to be a related party to the Company.

Any amendment to the definition of related party under various applicable laws shall be considered with effect from its date of effectiveness under such laws, irrespective of the amendment of this policy. The Company Secretary along with Chief Financial Officer shall, at its discretion, promptly give effect of any such amendment in the Policy.

b) Related Party Transaction (RPT)

A Related Party transaction means a transfer of resources, services or obligations between:

- the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand (effective from 01st April, 2022) or;
- 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, (effective from April 1, 2023)

regardless of whether a 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.

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 by the listed entity 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 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:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);"

c) Materiality:

The materiality of any RPT will be ascertained as per the thresholds prescribed under the Act or the SEBI Listing Regulations, whichever is lower:

1) Materiality threshold under the Act:

A transaction with a related party shall be considered material if it exceeds threshold as prescribed under Section 188 of the Act or any subsequent amendment thereto.

2) Materiality threshold under SEBI Listing Regulations:

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 the following thresholds:

- In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% (five percent) (or such other limit as may be specified in the applicable Regulation as amended from time to time) of the annual consolidated turnover of the Company as per its last audited financial statements;

- In case 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 one thousand crore (Rs. 1000 crores) or ten per cent (10%) of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower or such other limit as may be specified in the applicable Regulation as amended from time to time. (w.e.f. 01st April, 2022)

“**Material Modification**” in terms of SEBI LODR means any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% (twenty percent) or more, in the relevant previously approved related party transaction.

d) Arm’s Length Basis:

Terms will be treated as on ‘Arm’s Length Basis’ if the commercial and key terms are comparable and are not materially different with similar transactions with non-related parties considering all the aspects of the transactions such as quality, realizations, other terms of the contract, etc. In case of contracts with related parties for specified period/ quantity/ services, it is possible that the terms of one-off comparable transaction with an unrelated party are at variance, during the validity of contract with related party.

In case the Company is not doing similar transactions with any other non- related party, terms for similar transactions between other nonrelated parties of similar standing can be considered to establish “arm’s length basis”.

Other methods prescribed for this purpose under any law can also be considered for establishing this principle.

e) Ordinary Course of Business:

Transactions with related parties will be considered in ordinary course if they are entered in pursuance of the business objective of the Company and necessary for Company’s operations or related financial activities, including the fixed assets transactions, except:

- i) lending/ borrowing/ providing or receiving guarantees to/ from entities other than the entities which are consolidated in the Company’s Consolidated Financial Statements;
 - ii) any other items which are required to be reported as ‘Exceptional Item’ in the Company’s annual financial statements.
- f) Words and expressions used and not defined in this Policy but defined in the Act, SEBI Listing Regulations and the applicable Accounting Standards, shall have the meanings respectively assigned to them in those legislations.

Policy

1. The RPTs should be in conformity with the prevailing rules and regulations prescribed by law.
2. **Identification of Potential Related Party Transactions:**

For the purpose of identification of Potential Related Party Transactions, each director and Key Managerial Personnel shall give notice of disclosure of interest on an annual basis and upon any subsequent modifications in the last disclosure provided. The Company shall ensure that no transaction is entered into with any Related Party without requisite approvals.
3. **Audit Committee approval is required for:**
 - a. All RPTs and subsequent material modifications;
 - b. RPTs where Company’s subsidiary is a party but Company is not a party, if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the consolidated turnover of the Company, as per the last audited financial statements of the Company

- c. with effect from April 1, 2023, a related party transaction to which the Company's subsidiary is a party but the Company is not a party, 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 such subsidiary.

Provided that prior approval of the audit committee of the Company shall not be required for RPT's where a listed subsidiary of the Company is a party but the Company is not a party, if regulation 23 and 15 (2) of SEBI LODR are applicable to such listed subsidiary.

Above transactions shall be placed before the Audit Committee for its prior approval and only those members of the audit committee, who are independent directors, shall approve related party transactions, as required under the provisions of the Act and the SEBI Listing Regulations:

- d. The Managing Director/Chief Financial Officer/ Company Secretary of the Company shall provide to the Committee all relevant material information of the Related Party Transaction, 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. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:
- Type, material terms and particulars of the proposed transaction;
 - 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);
 - Tenure of the proposed transaction (particular tenure shall be specified);
 - Value of the proposed transaction;
 - 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);
 - 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; 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.
 - Justification as to why the RPT is in the interest of the listed entity;
 - A copy of the valuation or other external party report, if any such report has been relied upon;
 - Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
 - Any other information that may be relevant

4. The Audit Committee may grant omnibus approval for RPTs:

- a. which are repetitive in nature, provided that such approval shall remain valid for period not exceeding one year, during which period the commercial terms of approved RPTs may change, provided that arm's length criterion shall be ensured at the time of each such change.
- b. Further, where the need for RPTs cannot be foreseen and requisite details are not available, the Audit Committee may grant omnibus approval for such transactions provided that value of each such transaction shall not exceed ₹ 1 crore.

- c. The RPTs, as approved and recommended by the Audit Committee, shall be placed before the Board of Directors of the Company for its approval.
 - d. Audit Committee shall review, atleast on a quarterly basis, the details of Related Party Transactions entered into by the company pursuant to each of the omnibus approval given.
5. The RPTs should be in the interests of the Company and its terms should be based on commercial prudence/ generally accepted commercial practices.
- 6. Board of Directors and Shareholders' approval:**
- a. The RPTs which cross the Materiality (refer to Materiality definition above) thresholds and subsequent material modifications as defined by the audit committee shall be entered by the Company only with prior approval of the Shareholders of the Company through ordinary resolution, as per applicable provisions of the Act and the SEBI Listing Regulations, as may be amended from time to time.
 - b. Any RPT which is not in the ordinary course of business of the Company or is not at arm's length shall be effected only with prior approval of the Audit Committee and the Board of Directors of the Company.
 - c. No related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Subject to the applicable laws, the Audit Committee shall have the power to ratify, revise or terminate the RPTs, which are not in accordance with this Policy.

7. EXEMPTION FROM APPLICABILITY OF THE POLICY

Notwithstanding the foregoing, but subject to the provisions of the applicable laws from time to time, this policy shall not apply to the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- a. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- b. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

8. DISCLOSURES

- a. Particulars of contracts or arrangements with Related Parties referred to in sub-Section (1) of Section 188 shall be disclosed in the Directors Report pursuant to any statutory requirement, if any.
- b. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- c. The Company shall submit [enhanced disclosure of information related to RPTs to be provided to the stock exchanges every six months in the format specified by the SEBI with the following timelines:
 - i. within 15 days from the date of publication of financials;
 - ii. simultaneously with the financials w.e.f. April 1, 2023] and also publish the same on its website.

- d. The Company shall disclose policy on dealing with Related Party Transactions on its website and also in the Annual Report.
- e. This Policy will be communicated to all operational employees and other concerned persons of the Company.

9. INTERPRETATION

- a. Any words used in this Policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder Accounting Standards or any other relevant legislation / law applicable to the Company.
- b. In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term /provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

10. Administrative Measures

- a. The Company's management shall institute appropriate administrative measures to ensure that all RPTs entered into by the Company are in compliance with applicable laws and this Policy.
- b. The detailed processes relating to implementation of this Policy, as may be approved by the Audit Committee from time to time, shall be followed by all concerned. The Internal Auditors of the Company shall review the RPTs entered into by the Company on a periodic basis and report their observations to the Audit Committee. The Company Secretary shall be responsible to maintain/update the list of related parties (as required by applicable laws) and provide the same to all concerned. It is the duty of all employees of the Company to ensure that they do not deal with related parties under any kind of influence or coercion. The cases involving any unwarranted pressure should be promptly reported as per mechanism provided under the Whistle Blower Policy of the Company.

11. Review

- a. This Policy shall be reviewed by the Audit Committee and the Board of Directors at least once every three years and updated accordingly.

**For and on Behalf of
Sintercom India Limited**

**Jignesh Raval
Managing Director**