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|  | <u>POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS</u> | Date of issue : May 09, 2022 Effective Date: April 1, 2022 Version : v5 |
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Legislative background

Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing regulations) requires that every listed company shall formulate a policy on dealing with related party transactions.

Board in its meeting held on 04.08.2014 had approved the policy on dealing with related party transactions as per the requirement of Listing agreement, that was amended from time to time on 28.10.2014, 10.05.2016 , Feb 4, 2019 and is again being amended to align with the changes mandated by Listing Regulations effective from April 1, 2022

Definitions

Company means SRF Limited

Policy on materiality of related party transactions means the policy adopted by the Board of Directors from time to time.

Policy on material subsidiary company means the policy adopted by the Board of Directors from time to time.

Related Party

“Related Party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards

“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:
 - (i) of twenty per cent or more; or
 - (ii) of ten per cent or more, with effect from April 1, 2023;

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:”

“Related Party Transaction” means a transaction involving a 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, with effect 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
- 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:

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);”

“Material Modification” means any amendment/ change in existing terms and conditions of an approved Related Party Transaction amounting to:

- 1. Change in the total value of transaction with a related party by 15%.
- 2. Change in tenor of the transactions by more than 6 months
- 3. Change in “basis of pricing” approved.

Subsidiary means a subsidiary as defined under Section 2(87) of the Companies Act, 2013.

Threshold limits shall mean the following :-

| S. No. | Related Party | Threshold Limits |
|---------------|---|---|
| 1 | Subsidiary or Associate Company | Related Party Transaction in a financial year with a subsidiary or an associate company exceeding Rupees 1000 Crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company which ever is lower. |
| 2 | A Related Party which is a Promoter or any other Related Party | Related Party Transaction in a financial year with a Promoter or any other related party exceeding Rupees 1000 Crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company which ever is lower |

Compliance with Listing Regulations and Companies Act, 2013

The Company shall ensure compliance with the relevant provisions of Listing Regulations and Companies Act, 2013 governing related party transactions, in the following manner:

- a) Generally, all related party transaction shall be in ordinary course of business and at arms length basis.
- b) Related party transactions and or any material modification therein with Promoters, Directors and KMPs shall be placed before the Audit Committee for prior approval and thereafter before the Board and shareholders, if required.
- c) Related party transactions and or any material modification therein with the subsidiaries / associates shall be dealt with in accordance with the transfer pricing policy approved by the Audit Committee. Recurring and regular business transactions which are carried in accordance with the TP policy shall not require specific prior approval of the audit committee.
- d) All related party transactions shall meet the Threshold limits. Any change in Threshold limits should be with prior approval of Audit Committee and Board subject to applicable laws.
- e) Audit committee may, in compliance of the provisions of the Companies Act, 2013 and Listing Regulations, grant omnibus approval for related party transactions proposed to be entered into by the Company.

The audit committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given.

Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year:

- f) Material related party transactions and or any material modification therein as defined in policy on material related party transactions drawn in accordance with the listing regulations shall be approved by the shareholders through resolution, if required by law.
- g) Further, the prior approval of Audit Committee shall be required for the following transactions:
 - a. a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a FY exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the listed entity;
 - b. with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a FV, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

Prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the audit committee of the listed subsidiary shall suffice.

- h) the requirements of SEBI Circular No SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021 as amended shall be followed as applicable.

A statement of all related party transactions during a quarter under various categories shall be placed before the audit committee.

The Company shall submit within timelines specified in SEBI (Listing obligation & Disclosure requirements) Regulations from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions in the format specified in the relevant accounting standards for annual results to the stock exchanges and as required by Listing Regulations and publish the same on its website

The Board will review and amend this Policy as and when required and atleast once in every three years.