

SIL INVESTMENTS LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. Preamble

The Board of Directors (the “Board”) of SIL Investments Limited (the “Company” or “SIL”), has adopted the following policy and procedures with regard to Related Party Transactions. The Audit Committee of the Board of Directors will review the policy from time to time and recommend such changes therein as deemed necessary after appropriate deliberation. The Board may amend this policy suo motu, or on recommendations of the Audit Committee from time to time. This policy shall regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company.

2. Purpose

This policy is framed in compliance with the requirements of Regulation 23(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations, 2015”) (as amended from time to time) and is intended to ensure proper approval and reporting of transactions between the Company and its Related Parties. The policy also endeavours compliance with the provisions of Companies Act, 2013 (as amended from time to time), and the applicable Accounting Standard in relation to transactions with related parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and its Related Parties as well as policies concerning transactions with Related Parties.

3. Definitions

“**Act**” means Companies Act, 2013.

“**Accounting Standard**” means the Indian Accounting Standard 24, as notified by the ICAI, as applicable on date including any amendment / modification thereto from time to time and /or any other Standard notified by ICAI or any other Authority including MCA, as may be applicable.

“**Arm’s length price**”, would have the meaning as defined by the Act, and rules made there under and judicial and other pronouncements, as applicable from time to time and shall mean a price which is applied or proposed to be applied in a transaction between persons other than associated enterprises, in uncontrolled conditions.

“**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.

“Audit Committee or Committee” means Committee of Board of Directors of the Company constituted under provisions of Listing Regulations, 2015 and Act.

“Board” means Board of Directors of the Company.

“Control” means Control as defined under the Act and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and as amended thereto and shall include the right to appoint majority of directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreement or voting agreements or in any other manner.

“Key Managerial Personnel” means the person(s) appointed as such in pursuance of Section 203 read with Section 2(51) of the Act and includes:

- (i) Managing Director, or Chief Executive Officer or manager and in their absence, a Whole-time Director;
- (ii) Company Secretary;
- (iii) Chief Financial Officer;
- (iv) Such other officer, not more than one level below the Directors who is in whole-time employment, designated as Key Managerial Personnel by the Board; and
- (v) Such other officer as may be prescribed.

“Material Related Party Transaction” means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transaction(s) 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 statements of the Company, whichever is lower. However, 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, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

“Material Modification(s)” means any modification to a Material Related Party Transaction which results in 25% or more change in the total value of such transaction.

“Ordinary course of business” would have the meaning as defined by the Act , and rules made there under and judicial and other pronouncements, as applicable from time to time and shall mean and include the habit system and continuity of an act required to satisfy the test of regular or ordinary course of business.

“Policy” means Related Party Transaction Policy.

“Related Party” means related party as defined in Regulation 2(zb) of the Listing Regulations, 2015 (as amended from time to time), which interalia provides that an entity shall be considered as related to the Company if:

- a. such entity is a related party u/s 2(76) of the Act ; or
- b. such entity is a related party under the applicable accounting standards; or
- c. such person or entity forms part of the promoter or promoter group of the Company; or
- d. such person or any entity, holds equity shares equivalent to ten percent or more in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Act, at any time, during the immediate preceding financial year.

“Related Party Transaction” shall mean a transaction between the Company and a related party under the provisions of the Listing Regulations, 2015 and / or the Act read with the Rules framed thereunder (as amended from time to time).

“Relative” means relative as defined under the Act read with the relevant Rules and the Listing Regulations, 2015 (as amended from time to time).

“Senior Management Personnel” shall mean officers / personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer / managing director / whole time director / manager (including chief executive officer / manager, in case they are not part of the Board) and shall specifically include the functional heads, by whatever name called, and the persons identified and designated as key managerial personnel, other than the board of directors, by the listed entity.

The definitions abovesaid for the observance of the Policy by the Company and its Board (including Committee/s thereof), shall be subject to exercise of the statutory powers of the Regulatory Authorities with respect to repeal or alteration or addition to their respective meaning as prescribed by or under Act, the SEBI Act, and any other applicable laws for the time being in force.

4. Identification of Potential Related Party Transaction

Each Director, Key Managerial Personnel and Senior Management Personnel 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 / Audit Committee may reasonably request. The Board / Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee / Board has adequate time to obtain and review information about the proposed transaction.

5. Process and guidelines for Related Party Transaction

All Related Party Transactions and subsequent Material Modifications shall require prior approval of Audit Committee of the Company. Only those members of the Audit Committee, who are independent directors, shall approve Related Party Transactions.

Any transaction entered into by a Related Party of the Company with a subsidiary of the Company, shall also require prior approval of the Audit Committee of the Company, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds the threshold limit as specified in Listing Regulations, 2015 (as amended from time to time).

Further, all Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not. Provided that prior approval of the shareholders of the Company shall not be required for a transaction entered into by a Related Party of the Company with a listed subsidiary of the Company, if regulation 23 and sub-regulation (2) of regulation 15 of Listing Regulations, 2015 are applicable to such listed subsidiary. Provided that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under Section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Further, remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except those who are part of promoter or promoter group, shall not require approval of the Audit Committee provided that the same is not material.

6. Review and Approval of Related Party Transactions

All Related Party Transactions will be referred to the Audit Committee for review and approval, as applicable. Members of the Committee who have a potential interest in any Related Party Transaction will excuse themselves and abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with 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.

However, 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:

- i. It shall lay down the criteria for granting the omnibus approval in line with the instant Policy and such approval shall be applicable in respect of transactions which are repetitive in nature.
- ii. It shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- iii. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as it may deem fit;
Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, it may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.
- iv. It shall review, atleast on a quarterly basis, the details of RPTs entered into by the Company or its subsidiary pursuant to each of the omnibus approval given.
- v. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee, in so far as the same are not in conflict with the provisions of the Listing Regulations, 2015 in force (as amended from time to time):

- a. Any transaction(s) entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- b. Any transaction(s) entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval. Any transaction(s) entered into by the Company in its ordinary course of business other than transaction(s) which are not on an arm's length basis.
- c. Any transaction(s) arising out of compromise, arrangement and amalgamation dealt with under specific provisions of the Act.

7. Related Party Transactions not pre-approved under this Policy

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of 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 Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In the event the Committee decides to ratify the contract or arrangement, such contract or arrangement must be ratified as per the provisions specified under the Act and Listing Regulations, 2015.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction.

In case of failure to seek ratification from the Committee, the transaction shall be rendered voidable at the discretion of the Committee. If the transaction is with a related party to any director, or has been authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

8. Register

The Company shall maintain registers of related party transaction(s) in Form MBP 4 or such other Form as may be prescribed.

9. Interpretation

In any circumstance where the terms of this Policy differs from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this Policy and procedures, until such time as this Policy is changed to conform to the law, rule, regulation or standard, which shall automatically apply to this Policy.

10. Review

The Board may review this Policy periodically, and at least once every three years and make amendments from time to time, as may be deemed necessary, including based on recommendation(s) of the Audit Committee.

11. Dissemination

The Company shall host this Policy on its website and a web-link thereto shall be provided in the Annual Report of the Company.
