

RELATED PARTY TRANSACTIONS POLICY

(As approved by the Board of Directors on May 28, 2021)

The Board of Directors of S.I.Capital & Financial Services Limited has formulated a Policy called "Related Party Transactions Policy" to regulate the transactions between the Company and its Related Parties in compliance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

OBJECTIVE

This Policy was formulated to facilitate timely identification, evaluation, approval and reporting of transaction between the Company and its Related Parties in compliance with the applicable provisions of law. It is inevitable to regulate the Related Party Transactions to avoid potential conflict of interest as well as to protect the best interest of the Company and its shareholders.

DEFINITIONS

- i. "Act" shall mean the Companies Act, 2013 as amended from time to time;
- ii. "Audit Committee" means the Committee of the Board of Directors constituted under the provisions of Section 177 of the Companies Act, 2013 as amended from time to time;
- iii. "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;
- iv. "Board" means Board of Directors of the Company;
- v. "Company" means S.I.Capital & Financial Services Limited;
- vi. "Key Managerial Personnel" shall have the meaning assigned to it under the Companies Act, 2013 as amended from time to time;
- vii. "Related Party" shall have the meaning assigned to it under Section 2(76) of the Companies Act, 2013 as amended from time to time and the Rules made thereunder;
- viii. "Related Party Transaction" means transfer of resources, services or obligations between a Company and Related Party(s) regardless of whether a price is charged;
- ix. "Relative" means relative as defined under Section 2(77) of the Companies Act, 2013 and the Rules made thereunder.

Words and expressions used and not defined in this Policy but defined in the Companies Act, 2013 (18 of 2013) and rules made thereunder shall have the meanings respectively assigned to them in such Acts or Rules any statutory modification or re-enactment thereto, as the case may be.

IDENTIFICATION OF RELATED PARTIES

The Company shall endeavour to maintain a record of Related Parties which shall be updated from time to time. In order to facilitate this, the Directors shall disclose the following particulars on his/ her appointment and whenever there is a change in such disclosures already made:

- i. Name of his/ her relatives;

- ii. Firm(s) in which he/ she or his/ her relative is a Partner;
- iii. Private Company(s) in which he/ she or his/ her relative is a member or director;
- iv. Public Company(s) in which he/ she is a Director and holds along with his/ her relatives, more than 2% of its paid up share capital;
- v. Body Corporate(s) whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his/ her advice, directions or instructions; and
- vi. Any person on whose advice, directions or instructions he/ she is accustomed to act.

KMPs other than directors shall also disclose the name of their relatives on appointment and thereafter whenever there is a change in such disclosure.

PRIOR APPROVAL OF AUDIT COMMITTEE

All Transactions with Related Party(s) shall be pre-approved or subsequently ratified, as the case may be, by the Audit Committee irrespective of whether they are in ordinary course of business or on arm's length basis or not.

In case of transaction, other than transactions referred to in Section 188 of the Companies Act, 2013, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board.

OMNIBUS APPROVAL

The Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to the conditions enumerated under Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014 and in line with this Policy. Such Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

APPROVAL OF BOARD OF DIRECTORS

The Company shall not enter into the following Contracts or Arrangements with its related parties without the approval of the Board by a Resolution at its meeting:

- i. sale, purchase or supply of any goods or materials;
- ii. selling or otherwise disposing of, or buying, property of any kind;
- iii. leasing of property of any kind;
- iv. availing or rendering of any services;
- v. appointment of any agent for purchase or sale of goods, materials, services or property;
- vi. such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- vii. underwriting the subscription of any securities or derivatives thereof, of the company.

However, such approval is not required for transactions entered in the ordinary course of business and on arm's length basis.

The agenda of the meeting of the Board at which the resolution on Related Party Transactions are proposed to be passed shall disclose the following:

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

A director shall not be present at the meeting during discussions on contract or arrangement with a related party, if he is interested in such contract or arrangement.

APPROVAL OF SHAREHOLDERS

Prior approval of shareholders shall be required for the Related Party Transactions which are either not on ordinary course of business or not on arm's length basis, exceeding the following threshold limits:

- i. sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of the Turnover of the Company;
- ii. selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of agent, amounting to 10% or more of the Networth of the Company;
- iii. leasing of property of any kind, amounting to 10% or more of the Networth of the Company;
- iv. availing or rendering of any services, directly or through appointment of agent, amounting to 10% or more of the Turnover of the Company;
- v. such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding Rs. 2,50,000/-; and
- vi. underwriting the subscription of any securities or derivatives thereof, of the company for a remuneration exceeding 1% of the Networth of the Company.

The limits specified for transactions in the aforesaid points (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

The turnover or net worth referred herein shall be computed on the basis of the audited financial statement of the preceding financial year.

No member of the company shall vote on such resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party.

The Board shall be ultimately responsible for seeking approval from the shareholders as per the requirements of applicable laws.

RATIFICATION

i. By the Audit Committee

In case any transaction involving any amount not exceeding Rs. 1 Crore is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee. If the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it.

ii. By the Board of Directors

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or shareholders and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders. If the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

DISCLOSURES AND RECORDING

Transactions with Related Parties shall be disclosed in the Audited Financial Statement of the Company as per the applicable Accounting Standards and in Directors' Report. The Company Secretary shall make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.

AMENDMENT

The Audit Committee shall review the Policy periodically and place its recommendation before the Board. The Board of Directors shall be empowered to amend, modify, and interpret this Policy and it shall be effective from such date that the Board may notify in this behalf. The decision of the Board of Directors with regard to all matters relating to this Policy shall be final and binding on all concerned.

This Policy is subject to the applicable prevailing law in relation to Related Party Transactions and if there is any inconsistency between any of the provisions of these Policy and applicable law, the applicable law shall prevail.