

POLICY ON RELATED PARTY TRANSACTIONS

I. SCOPE OF THE POLICY

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. The Securities And Exchange Board of India (“SEBI”) has mandated every listed company to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.

Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“the Act”) read with the Rules framed thereunder and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), as amended from time to time, S Chand And Company Limited (“the Company”) has formulated this policy (“RPT Policy”) on materiality of Related Party Transactions and on dealing with Related Party Transactions.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, certain Regulations of Listing Regulations have been amended with effect from April 01, 2022. In view of the same, the Audit Committee and Board of Directors in its meeting held May 24, 2022 have revised the existing RPT Policy with effect from April 01, 2022.

II. OBJECTIVE

The objective of this RPT Policy is to:

- (a) Set out the materiality thresholds for Related Party Transactions (as defined below);
- (b) Ensure that all Related Party Transactions are entered with fully transparency;
- (c) All the Related Party Transactions are done as per the applicable provisions of the Act, Listing Regulations, any amendment thereof and any other law and regulations as may be applicable to the Company.

III. DEFINITIONS

“Act” means the Companies Act, 2013 and includes any amendment thereof.



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“**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.

S Chand And Company Limited means “Listed Company” or “the Company”.

“**Material modification**” means any subsequent change to an existing Related Party Transaction, having variance of 15% of the existing limit or Rs. 3.00 crores whichever, is lower.

“**Ordinary course of business**” means the usual transactions, 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.

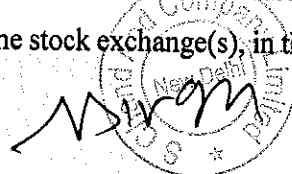
“**Related Party Transaction(s) or RPT**” shall means a transaction involving a transfer of resources, services or obligations between:

- (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 SEBI (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:



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“**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

“**Relative**” means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under:

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and Listing Regulations.

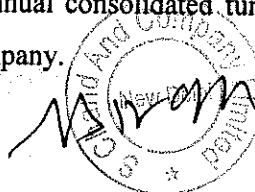
In case of any conflict between this Policy and applicable law, the applicable law (as existing on the date of the concerned transaction) shall prevail.

IV. MATERIALITY THRESHOLDS

The Company should provide materiality thresholds for related party transactions for which approval of the shareholders through resolution will be required and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

The Company has fixed its materiality threshold as under:

- A) In case of transaction involving payments made to a related party with respect to brand usage or royalty - if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 5% of the annual consolidated turnover of the Company as per last audited financial statements of the Company.



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- B) In all other cases - if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

V. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

A. Audit Committee

V.A.1 All the transactions which are identified as related party transactions and subsequent material modifications thereof shall be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the related party transactions for its approval. **Only those members of Audit Committee, who are independent directors, shall approve the related party transactions.**

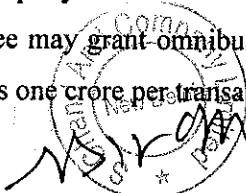
V.A.2. Any member of the Audit Committee who has a potential interest in any related party transaction shall abstain himself / herself from discussion and voting on the approval of the related party transaction. A related party transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board of Directors.

V.A.3. The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria / conditions as mentioned in the Act and under Regulation 23 of the Listing Regulations and such other conditions as it may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

The omnibus approval shall specify:

- (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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 the Audit Committee may deem fit.

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.



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V.A.4. Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval given.

V.A.5. A related party transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Committee, will be placed before the Committee for ratification within three months from the date of the transaction.

V.A.6 The Audit Committee shall also pre-approve related party transactions, where the Company is not a party, but the Company's subsidiary is a party, if the

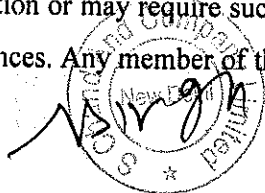
- value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity; or
- value of such transaction whether entered 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 (Applicable with effect from April 1, 2023).

B. Board of Directors

Following related party transactions shall be placed before the Board for its approval.

- All kinds of transactions as specified under Section 188 of the Act which are not in the ordinary course of business or not at arm's length basis; and
- Every contract or arrangement or proposed contract or arrangement entered into or to be entered into—
 - (a) with a body corporate in which any director of the Company or such director in association with any other director, holds more than two per cent. shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or
 - with a firm or other entity in which, such director is a partner, owner or member, as the case may be.

The Board shall consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest



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in any related party transaction shall not be present at the meeting during discussion of the related party transaction and shall not vote on the said related party transaction. Such interested Directors shall not be reckoned for quorum.

C. Shareholders

If a related party transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, then such RPT and any subsequent material modification thereto, shall require prior shareholders' approval by a resolution.

In case of material transaction as per Regulation 23 of the Listing Regulations and subsequent material modification thereof, no member of the Company who is a related party, shall vote to approve such resolution passed for approving such related party transaction whether the entity is a related party to the particular transaction or not;

In case of related party transactions not in the ordinary course of business, or not at arm's length basis and exceeds certain thresholds prescribed under the Companies Act, 2013, no member who is a related party to that particular transaction shall vote on such resolution passed for approving such related party transaction.

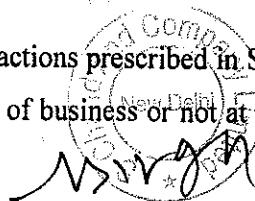
VI. EXCLUSION

The requirement of approval of Audit Committee (for transaction other than transactions referred under section 188 of the Act) or approval of shareholders shall not be applicable on following:

- transactions entered into between the Company and its wholly owned subsidiary(ies) whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.

VII. DISCLOSURES

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, (i) which are not in ordinary course of business or not at arm's length basis along



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with the justification for entering into such transaction, and (ii) certain material transaction which are entered into in the ordinary course of business and at arm's length basis.

In addition to the above, the Company shall also make disclosures of all related party transactions in the format as specified by the Board from time to time, every six months within fifteen days from the date of publication of its standalone and consolidated financial results and also publish the same on the website of the Company.

Provided further that the Company shall make such disclosure every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023.

VIII. LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

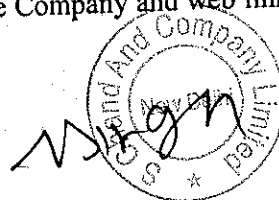
IX. REVIEW OF THE POLICY

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically and appropriate recommendations shall be made to the Board to update the Charter based on the changes that may be brought about due to any regulatory amendments or otherwise.

In addition to above, the Board shall also review this policy at least once in every three years and update the policy accordingly.

X. DISSEMINATION OF POLICY

This Policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the website of the Company and web link thereto shall be provided in the annual report of the Company.



Last amended on 24-May-2022