

SURYA

SURYA ROSHNI LIMITED

CIN -L31501HR1973PLC007543

Regd. Office: Prakash Nagar, Sankhol, Bahadurgarh, Haryana -124507, Ph.: 01276-241540-41

Corporate office: 2nd Floor, Padma Tower-1, Rajendra Place, New Delhi-110 008

Ph.: +91-11-25810093-96, 47108000 **Fax:** +91-11-25789560

E-mail : cs@surya.in **Website :** www.surya.co.in

(Adopted by the Board of Directors on 14th November, 2014, revised on 21st May, 2019, further revised on 19th May, 2022 and thereafter revised on 11th August, 2023)

Related Party Transactions Policy

RELATED PARTY TRANSACTIONS POLICY

BACKGROUND AND PURPOSE

The Securities and Exchange Board of India (“SEBI”) with the objectives to align provisions of the Companies Act, 2013 (“the Act”), to adopt best practices on corporate governance and to make the corporate governance framework more effective, vide its circular(s) dated 17th April, 2014 and 15th September, 2014, revised Clause 49 of the Listing Agreement. The provisions of the revised clause, *inter alia*, required formulation of a Policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.

Later, the Listing Agreement was replaced by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) in year 2015 with Regulation 23(1) requiring the listed company to formulate a policy on materiality of related party transactions and dealing with related party transactions. SEBI Listing Regulations were further amended by the Committee on Corporate Governance under the Chairmanship of Shri Uday Kotak suggesting further changes to the Related Party Governance regime.

In order to adhere to the above requirement and ensure proper approval, disclosure and reporting of transactions between the Company and its Related Parties, the Board of Directors of Surya Roshni Limited (“the Company”) hereby adopts this Policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.

DEFINITIONS

For the purpose of this Policy, the following definitions shall apply:

“**Related Party**” means a related party as defined under section 2(76) of the Act or rules made thereunder and the SEBI Listing Regulations as may be amended from time to time.

“**Relative**” in relation to an Individual, means persons as defined under section 2(77) of the Act and Rules made thereunder and the SEBI Listing Regulations.

“**Related Party Transaction**” as defined under the SEBI Listing Regulations which includes transfer of resources, services or obligations between the Company and a related party, 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 including but not limited to the following –

- sale, purchase or supply of any goods or materials;
- selling or otherwise disposing of, or buying, property of any kind;
- leasing of property of any kind;
- availing or rendering of any services;
- appointment of any agent for purchase or sale of goods, materials, services or property;
- such related party’s appointment to any office or place of profit in the Company, its subsidiary company or associate company
- Underwriting the subscription of any securities or derivatives thereof, of the Company.

The term shall have the meaning ascribed to it under the SEBI Listing Regulations as may be amended from time to time or relevant provisions of the Act.

“Material Related Party Transaction” – As per the 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 rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Provided a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Material Modifications” shall mean: triggering of any of the following conditions whether individually or in aggregate:

- i. Change in overall transaction value of Related Party Transaction beyond 20 % or
- ii. Change in price of goods and services beyond 20 % or
- iii. Extension in duration of Related Party Transaction contract beyond a period of 6 months or
- iv. As may be decided by the Audit Committee on case to case basis

“Key Management Personnel” shall mean the personnel as defined under section 2(51) of the Act and Rules made thereunder.

“Subsidiary” means a Company as defined under section 2(87) of the Act.

“Associate” means a Company as defined under section 2(6) of the Act or under the applicable accounting standards.

Any other term not defined herein shall have the same meaning as defined in the Act/ SEBI Listing Regulations or any other applicable law or regulation.

RELATED PARTY TRANSACTIONS – APPROVAL MECHANISM

As per the Act, any transaction entered into by the Company with a Related Party which are Related Party Transaction and is in its ordinary course of business and on an arm’s length basis does not require any approval from the Board of Directors or the Shareholders. Instances of such transactions which the Company normally undertakes on an arm’s length basis in conducting its business operations and activities cover transactions such as sale or purchase of finished goods, work in progress, raw material, reimbursement of expenses etc.

Audit Committee

As per the SEBI Listing Regulations and the Act, all Related Party Transactions and subsequent modifications thereto (unless exempted pursuant to SEBI Listing Regulations and the Act) require prior approval of the Audit Committee.

Only those members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions. Any member of the Audit Committee who is an Independent Director and has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of such Related Party Transaction.

A Related Party Transaction to which the subsidiary of the Company is a party but the Company is not a party, shall 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 ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

The Audit Committee may also grant omnibus approval for Related Party Transactions proposed to be entered into by the Company and which are repetitive in nature subject to the following conditions:

1. The Audit Committee shall with the approval of Board, consider the following criteria's before granting any omnibus approval in line with the policy on RPTs of the Company which shall include the following: -
 - i. maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
 - ii. the maximum value per transaction which can be allowed;
 - iii. extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - iv. review, at such intervals as the Audit Committee may deem fit, related party transactions entered into by the Company pursuant to each of the omnibus approval made;
 - v. transactions which cannot be subject to the omnibus approval by the Audit Committee.

Such approval shall be applicable in respect of transactions which are repetitive in nature

2. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
3. The proposal/ agenda seeking omnibus approval shall specify:
 - (i) the name/s of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise), nature of transaction, period, material terms and particulars of the proposed transaction, maximum amount of transaction that can be entered into,
 - (ii) period of transaction,
 - (iii) the indicative base price / current contracted price and the formula for variation in the price if any,
 - (iv) The percentage of the Company's annual consolidated turnover for the immediately preceding financial year, that is represented by the value of the proposed transaction
 - (v) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - details of the source of funds in connection with the proposed transaction;
 - where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments: nature of indebtedness; cost of funds and tenure;
 - applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
 - (vi) justification as to why the Related Party Transaction is in the interest of the Company;
 - (vii) A copy of the valuation or other external party report, if any, and such report has been relied upon;
 - (viii) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction on a voluntary basis and

and (such other details/ information as prescribed under the Act/ SEBI Listing Regulations/ by the Audit Committee as it may deem fit;

Provided that where the need for RPT cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

4. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
5. Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one financial year.
6. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

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:

- i. Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company.
 - ii. Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
 - iii. Whether the nature of the proposed transaction is something that the Company would have ordinarily done in the course of its business;
 - iv. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
 - v. Whether the Related Party Transaction would affect the independence of the Directors/ KMP;
 - vi. Where the ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company or in contravention of any law; and
 - vii. such other details/ information as prescribed under the Act/ SEBI Listing Regulations/ by the Audit Committee as it may deem fit/ Any other factor the Committee deems relevant for reviewing and approving such Related Party Transaction.
7. The Audit Committee can take necessary professional help in order to determine whether the transaction is in ordinary course of business and on arm's length basis. It shall also consider whether the Committee was informed of the proposed transaction well in advance, and whether all the relevant information was disclosed or not, including no suppression of facts.

Board of Directors

The Board shall consider and approve the following:

- a. Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval
- b. Related Party Transaction as specified in Section 188(1) of the Act shall require approval of the Board except when such transactions are in ordinary course and at arm's length.
- c. Transactions other than those mentioned in section 188, which are referred by the Audit Committee, shall be placed for consideration for approval of the Board.
- d. Material Related Party Transactions including Material Modifications thereto.

The agenda of the Board meeting at which the resolution related to Related Party Transaction is proposed to be moved shall disclose-

- name of the Related Party and nature of relationship;
- nature, duration and particulars of the contract or arrangement;
- material terms of the contract or arrangement including the value, if any;
- any advance paid or received for the contract or arrangement, if any; the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- 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
- any other information relevant or important for the Board to take a decision on the proposed transaction and/ or as required under the Act/ SEBI Listing Regulations.

Shareholders

All the Material RPTs and subsequent Material Modifications shall require approval of the shareholders (unless exempted pursuant to SEBI Listing Regulations and Act) irrespective of the fact whether the transaction, contract or arrangement is in the ordinary course of business or at arm's length. No related party shall vote to approve such resolution irrespective of whether the entity is a party to a particular transaction or not. The transactions which fall under Section 188 of the Act which are not in the ordinary course of business and / or not an Arms' length basis and which exceeds the threshold limits prescribed under the rules made thereunder, shall require approval of the shareholders. No related party shall vote to approve such resolution irrespective of whether the entity is a party to the particular transaction or not.

In determining whether to approve a RPT, the shareholders will consider the factors as prescribed by the Act/ SEBI Listing regulations / Audit Committee.

Provided that the requirement under this point shall not apply in respect of 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 resolution plan being approved.

PRE-APPROVED / RATIFIED TRANSACTIONS

In terms of this Policy, the Related Party Transactions listed below shall be deemed to be Pre-Approved or Ratified Transactions and are not subject to further review and approval or ratification of the Board of Directors or the Audit Committee:

Directors Compensation

Any transaction that involves the providing of compensation to Directors in connection with his or her duties to the Company or any of its subsidiaries or affiliates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

Transactions 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. With respect to Audit Committee, the approval will not be required for transactions other than a transaction referred to in Section 188 of the Act.

Transactions involving Competitive Bids

Any transaction involving Related Party where rates and charges are determined by Competitive Bids.

Regulated Transactions

Transactions expressly approved/ sanctioned by relevant authority/ government in terms of governing statutes/ laws.

Charitable Contributions by the Company

Company spends pursuant to section 135 of the Act and Rules framed thereunder on Corporate Social Responsibility initiatives/ programs/ activities, charitable activities by way of contribution, donation etc. to charitable organizations, foundations, society or university in which a Related Party is a trustee, director, or employee etc.

Transactions where all shareholders receive proportional benefits

Any transaction where the Related Person's interest arises solely from the ownership of the Company's common stock and all holders of the Company's common stock received the same benefit on a pro rata basis (e.g. dividends).

Transactions which are similar for All Employees

Transactions, arrangements or relationships that are generally available on the same terms to all employees (other than employees who may be excluded due to foreign regulatory or similar reasons).

Transactions on Uniform Terms & Conditions

Transactions, arrangements or relationships with a Related Party in the ordinary course of business on the same terms and conditions as are available to an unrelated party.

Certain Transaction with other companies

Transactions in which the Related Party's interest is derived solely from the fact that he or she serves as director of another corporation or organization that is a party to the transaction

Certain Transaction with Related party's Entity

Transactions in which the Related Party's interest is derived solely from his or her direct or indirect ownership of an entity that is a party to the transaction when such ownership interest is less than ten percent (10% of the equity interest of such entity).

DISCLOSURE OF INTEREST BY DIRECTORS/ KMPs AND IDENTIFICATION OF POTENTIAL RPTs

Every Director and KMP shall, in adherence of the provisions of Act and the SEBI Listing Regulations in this regard, furnish necessary disclosures (annually and whenever there is a change) about his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding, in the manner prescribed under the Act.

Further, it shall be the duty of members of the Board and KMP to disclose to the Board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the Company.

Every Director and KMP should forthwith bring to the attention of Board any related party transaction that he or she anticipates/ foresees involving him/her or his/ her relative, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee/ Board. The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute an RPT requiring compliance with this policy

All the subsidiary companies of the Company shall provide list of their Related Party and Related Party Transactions on quarterly basis and update the same, in case of any change and intimate to the Company Secretary of the Company for placing before the Audit Committee.

The subsidiary companies of the Company are responsible for providing notice to the Company of any potential RPT, if not given already in the first Board Meeting of the financial year, involving it/them, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee/ Board. The Audit Committee and Board shall record such disclosure and the Audit Committee will determine whether the transaction does, in fact, constitute an RPT requiring compliance with this policy.

The Directors, KMPs and authorized persons of subsidiary companies of the Company will ensure that their notice of any potential RPT is delivered well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

Where any director is interested in any contract or arrangement with a Related Party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

DISCLOSURE ON RELATED PARTY TRANSACTIONS

Related Party Transactions will be brought to management's and the Board's attention on a periodical basis with intimation from Finance department. The same shall be consolidated in form of a Statement of Related Party Transactions and presented to the Audit committee on a quarterly basis for review by the Committee and information of the Board.

The Company shall also disclose, in the Board's report, the details of related party transactions as prescribed under the provisions of the Act and/ or SEBI Listing Regulations.

A register of RPTs shall be maintained as per the Act and placed before the next Board Meeting and signed by all the directors present at the Meeting.

Details of Material Related Party Transactions shall be disclosed quarterly along with the compliance report on corporate governance to be filed with Stock Exchanges. The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report. In addition, the Company shall submit details of all related party transactions on the date of publication of its half yearly standalone and consolidated financial results, in the prescribed format to the Stock Exchanges, and also publish the same on its website.

SANCTION OF TRANSACTIONS WITHOUT PRE-APPROVAL

By Audit Committee

Subject to the provisions of Act in this behalf, any Related Party Transaction entered into without pre-approval of the Committee shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the notice of the Audit Committee as promptly as reasonably practical after it is entered into and ratified appropriately by the relevant approving.

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

By Board and shareholders

If any related party transaction is entered without obtaining the consent of the Board or Shareholders, as the case may be , the same need to be get ratified by the Board or the shareholders, as the case may be, within three months from the date on which such related party transaction was entered into. The Board shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to it under this Policy and shall take any such action it deems appropriate.

If the related party transaction has not ratified by Board or Shareholders as mentioned above, such related party transaction shall be voidable at the option of the Board or, as the case may be, of the Shareholders and if the related party transaction is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify the Company against any loss incurred by it.

If the Audit Committee/Board/Shareholders decides, not to ratify a particular transaction, then it may direct additional actions in accordance with this Policy.

GENERAL

The Board of Directors may review and amend this Policy from time to time but not later than once in three years from its last review or any other timeframe as may be stipulated under the governing laws in force.

In the event of any conflict between the provisions of this Policy and the Act or SEBI Listing Regulations or any other statutory enactments/ rules, the provisions of such Act or SEBI Listing Regulations or statutory enactments shall prevail over this Policy.
