

**Introduction & Purpose**

The Board of Directors of Suprajit Engineering Limited ("the Company"), on recommendation of the Audit Committee, has adopted this policy to regulate transactions of the Company by Related Parties in compliance with various applicable laws, including under the Companies Act, 2013 ("the Act") and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to, as "LODR"), prescribed for related party transactions.

**Definition**

- a) **Related Party:** A Related Party shall have the same meaning as defined under Section 2(76) of the Companies Act, 2013, applicable accounting standards and as per Regulation 2(1)(zb) of LODR.
- b) **Related Party Transaction ("RPT"):** means transactions as defined under Section 188 of the Companies Act, 2013 read with Rule 15 of Companies (Meetings of Board and its powers) Rules and Regulation 2(1)(zc) of LODR.
- c) **Materiality Condition:** 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 Rs. 1,000 Crore (Rupees One Thousand Crore) or 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

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 transactions during a financial year, exceed five percent (5%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

**Material Modification:** SEBI (LODR) (Sixth Amendment) Regulations, 2021, which is applicable from April 1, 2022 has provided that prior approval of the Audit Committee is required not only for Related Party Transactions but also subsequent Material Modifications.

Similarly, approval of shareholders is required not only for Material RPTs but also its Material Modifications.

'Material Modification' as "value of modification in excess of 20% of the original value".



**Arm's Length Basis:** RPT will be treated to be on 'Arm's Length Basis' if the key terms, taken as a whole, are comparable with those of similar transactions if they would have been undertaken with non-related parties.

**Ordinary Course of Business:**

The following transactions would be considered to be in the Ordinary Course of Business:

1. Purchasing / Selling of goods & services with Suprajit Group Companies worldwide..
2. Purchasing / Selling of Capital Assets with Suprajit Group Companies worldwide, using Arm's Length Pricing.
3. Management, IT & Marketing Services payments.
4. Salaries, Commissions & Reimbursements, to Directors & KMPS, as per the Company's Policies and Terms of Appointments.
5. Any other transactions which do not fall under Materiality Condition as stated above.

**Policy**

- a) The RPTs should be in conformity with the prevailing rules and regulations prescribed by law.
- b) All RPTs shall be placed before the Audit Committee for prior approval of the Audit Committee, as required under the provisions of the Act and the LODR.
- c) The Audit Committee may grant omnibus approval for RPTs which are repetitive in nature, provided that such approval shall remain valid for a period not exceeding one year, during which period the commercial terms of approved RPTs may change, provided that arm's length criteria shall be ensured at the time of each such change. Further, where the need for RPTs cannot be foreseen and requisite details are not available, the Audit Committee may grant omnibus approval for such transaction.

The above requirement shall not be applicable for the 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.

- d) The Audit Committee shall approve 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 financial year exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.
- e) The Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by subsidiaries of the Company and shall review the same on a quarterly basis, in accordance with Regulation 23 of SEBI Listing Regulations.



- f) RPTs with wholly owned subsidiaries and between wholly owned subsidiaries are exempt for all approvals provided they are in ordinary course of business and at arm's length.
- g) Any RPT which is not in the Ordinary Course of Business of the Company or not at Arm's Length Basis shall be effected only with prior approval of the Board of Directors of the Company, on recommendation of Audit Committee.
- h) Audit Committee Members, who are Independent Directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to such conditions as mentioned in sub-regulation (2) of Regulation 23 of SEBI Listing Regulations.
- i) Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the Audit Committee provided that the same is not material in terms of the provisions
- j) All RPT specified in the Act which are not Ordinary Course of Business of the Company or not at Arm's Length Basis; and exceed the thresholds laid down in Companies (Meeting of Board and its Power) Rules, 2014 shall be placed before the shareholders for its approval. Notwithstanding, the RPTs which cross the Materiality thresholds as defined herein shall be entered by the Company only with prior approval of shareholders of the Company, as per applicable provisions of the LODR, as may be amended from time to time.
- k) Subject to the applicable laws, the Audit Committee shall have the power to ratify, revise or terminate the RPTs, which are not in accordance with this Policy.

### **Interpretation**

In any circumstance where the provisions of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the relevant law, rule, regulation or standard will take precedence over this Policy until such time as this Policy is changed to conform to the said law, rule, regulation or standard. In case of any clarification required with respect to this Policy, kindly contact the Company Secretary of the Company.

### **Review and Amendment**

The Board of Directors of the Company on recommendation of the Audit Committee of the Company shall review the Policy once in three years and may amend the same from time to time.



## Disclosure

The Policy shall be made available on the website of the Company - [www.suprajit.com](http://www.suprajit.com) and a web link thereto shall be provided in the Company's Annual Report.

Amended and effective from February 12, 2025

A handwritten signature in blue ink, consisting of stylized, overlapping loops and a diagonal stroke.