

STCI FINANCE LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

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STCI FINANCE LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

(applicable as an unlisted Company)

1. Preamble

The Board of Directors (the "Board") of STCI Finance Limited ("the Company"), on the recommendation of the Audit Committee, has adopted the this policy on dealing with the Related Party Transactions as defined below pursuant to the provisions of Companies Act, 2013 (the Act) and the rules framed there under, as amended from time to time. This policy applies to the transactions between the Company and its related parties. The Board on recommendation of the Audit Committee may review and amend this policy from time to time.

2. Purpose

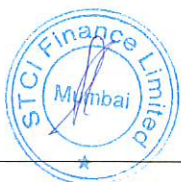
This Policy has been framed as required under Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 as updated from time to time. This Policy intends to provide a framework to identify related parties, approve, monitor, regulate and report transactions between the Company and its Related Parties under the provisions of the Companies Act, 2013 (the Act) read with rules made thereunder, as amended from time to time.

3. Definitions

- (i) **"Audit Committee or Committee"** means Committee of Board of Directors of the Company constituted under provisions of the Act.
- (ii) **"Board"** means Board of Directors of the Company
- (iii) **"Related Party Transaction" or "RPT"** means the following transactions /contracts /arrangements with related parties as given under clause (a) to (g) subsection (1) of section 188 of the Act:
 - (a) sale, purchase or supply of any goods or materials;
 - (b) selling or otherwise disposing of, or buying, property of any kind;
 - (c) leasing of property of any kind;
 - (d) availing or rendering of any services;
 - (e) appointment of any agent for purchase or sale of goods, materials, services or property etc.
 - (f) such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
 - (g) underwriting the subscription of any securities or derivatives thereof, of the Company.
- (iv) **"Related Party"** means related party under Section 2(76) of the Companies Act as provided below:
 - (i) A director or his relative



- (ii) Key Managerial Personnel or his/ her relative
 - (iii) A firm, in which a director, manager or his relative is a partner
 - (iv) A private company in which a director or manager or his relatives is a member or director
 - (v) A public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital
 - (vi) A body corporate whose board, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager.
 - (vii) Any person on whose advice, directions or instructions a director or manager is accustomed to act, except where such advice/ direction is given in a professional capacity.
 - (viii) Any Body Corporate which is:
 - A Holding, Subsidiary or an Associate company of such company or
 - A Subsidiary of a Holding company to which it is also a Subsidiary
 - An Investing Company or the Venture of the Company whose investment in the Company would result in the Company becoming an associate Company of the body Corporate.
- (v) **“Relative”** As provided under Section 2(77) of the Companies Act, 2013 and the rules there under, relative with reference to any person, means anyone who is related to another, if-
- (i) they are members of a Hindu Undivided Family;
 - (ii) they are husband and wife; or
 - (iii) one person is related to the other person as-
 - (a) Father (including step-father)
 - (b) Mother (including step-mother)
 - (c) Son (including step-son)
 - (d) Son’s wife
 - (e) Daughter
 - (f) Daughter’s husband
 - (g) Brother (including step-brother)
 - (h) Sister (including step-sister).
- (vi) **“Key Managerial Personnel”** means key managerial personnel as defined under Section 2(51) of the Companies Act, 2013 and means
- (i) Managing Director or CEO or the Manager
 - (ii) the Company Secretary
 - (iii) the whole time director
 - (iv) the Chief Financial Officer and
 - (v) such other officer not more than one level below the Director who is in whole time employment, designated as Key Managerial Personnel by the Board
 - (vi) Such other Officer as may be prescribed



- (vii) **“Manager”** means an individual who, subject to the superintendence, control and direction of the Board of Directors, has the management of the whole, or substantially the whole, of the affairs of a company, and includes a director or any other person occupying the position of a manager, by whatever name called, whether under a contract of service or not.
- (viii) **“Senior Management”** shall mean personnel of the company 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 executive directors, including all functional heads.
- (ix) **“Associate Company”** - As per Section 2(6) of the Companies Act, 2013, associate company in relation to a Company means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.
Explanation: For the purposes of this clause, “significant influence” means control of at least 20% of the total share capital, or of business decisions under an agreement.
- (x) **“Arm’s length transactions”** means transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- (xi) **“Ordinary Course of business”** - All transactions or activities that are necessary, normal and incidental to the business of the Company as permitted by the Object Clause in the Memorandum of Association of the Company or transactions that are considered while computing the business income / revenue / turnover of the Company as opposed to income from other sources or transactions or activities common in a particular industry or historical practice to conduct such activities shall be deemed to be in the ordinary course of business. These may also be common practices and customs of commercial transactions.
- (xii) **“Office or place of profit”** means any office or place of profit:
 - (i) is held by a director, if the director holding it receives from the company anything by way of remuneration, over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
 - (ii) is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.
- (xiii) **“Policy”** means this Policy on Related Party Transactions.

4. Identification of Related Parties:

Every director and key managerial personnel shall at the beginning of every financial year disclose to the Company Secretary (CS) their related parties under section 2(76) of the Act read with the rules framed there under, as amended from time to time and disclose any changes thereto during the financial year as immediately on occurrence. Based on the



disclosures, the list of related parties will be identified and updated from time to time. Such list of related parties shall be circulated to the concerned Business and Functional departments for notifying any potential related party transaction.

5. Identification of related Party Transactions:

Every Director and Key Managerial Personnel of the Company shall give a prior notice to the Company Secretary regarding a potential Related Party Transaction with the Company which may, directly or indirectly, involve either him/her or his/her relative, along with all relevant details and documents of the transaction for placing the same before the Audit Committee.

Further, members of Senior Management shall make disclosure to the Audit Committee or Board about a potential transaction with the Company which may, directly or indirectly, involve either him/her or his/her relative, along with all relevant details. Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the CS who would in turn take necessary steps to place the same before the Audit Committee. The relevant details of the proposed related party transaction shall include the name of the related party; nature of relationship; nature of contract, duration and particulars of the contract/ arrangement/ transaction; reason for entering into the transaction, manner of determining price and other commercial terms, the draft contract/ agreement and other supporting documents. The Company shall based on the details of transaction determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

6. Approval of related party transactions

Approval framework / process for related party transaction:

Review and Approval by Audit Committee (i)	Approval by the Board (ii)	Approval by shareholders (iii)
All Related Party Transactions except items mentioned in 7	<ul style="list-style-type: none"> • Related Party Transactions referred by Audit Committee for approval of the Board • Related Party Transactions not in the ordinary course of business and / or not on arm's length basis. 	Related Party Transactions not in Ordinary Course of Business and/or not at Arm's length basis if prescribed threshold limit under the Companies Act, 2013 is exceeded.

(i) Audit Committee review and approval:

All related party transactions / arrangements or any modifications thereof including those in the ordinary course of business and on arm's length basis, will be referred to the Audit Committee for review and approval along with the details of related party, nature of transaction, reason for undertaking the transaction, particulars of the contract/ arrangement, pricing terms, whether on arm's length and in the ordinary course of business and other relevant information. Any member of the Committee who has a potential interest in any reported Related Party Transaction shall abstain from discussion and voting on the approval



of the Related Party Transaction. All such related party transactions shall be approved by the Audit Committee, as required provisions of the Companies Act 2013 read with the Rules made there under as amended from time to time. Such approval may be given by Audit Committee at a meeting or by passing a resolution by circulation. The Audit Committee may not approve a transaction but may make its recommendations to the Board.

The Audit Committee may grant omnibus approval to the transactions proposed to be entered into with related parties in the ordinary course of business and arm's length basis subject to the following guidelines.

- (a) The Audit Committee shall consider the following factors/ criteria while granting omnibus approval which include :

S.No	Particulars	Criteria
1.	Repetitiveness of the transaction (in past or future)	More than once
2.	Justification for the need of omnibus approval	Repetitive nature of the transaction, in the business interest of the company and Administrative convenience.
3.	maximum value of transactions, in aggregate, which can be allowed under the omnibus route in a year	As determined by Audit Committee from time to time
4.	maximum value per transaction which can be allowed	As determined by Audit Committee from time to time
5.	Disclosures to be made at the time of seeking of omnibus approvals	Name of related party, nature and brief particulars of transaction, maximum amount of the transaction, indicative pricing/ value, other information relevant to Audit Committee
6.	Periodic Review of Related Party Transaction entered into by the company pursuant to each omnibus approval made	Atleast quarterly intervals or as determined by Audit Committee from time to time
7.	Transactions which cannot be subject to the omnibus approval by the Audit Committee.	Transactions in respect of selling or disposing of the assets/ undertaking of the company

- (b) Where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit committee may grant omnibus approval subject to their value not exceeding Rs. 1 crore per transaction

- (c) Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of the financial year.

- (d) A related party transaction entered into by the Company in the ordinary course of business and arm's length basis, which is not under the omnibus approval or otherwise pre-approved by the Committee, shall be placed before the Committee for ratification as soon as practicable, but not later than three months from the date of entering into the related party transaction. The Audit Committee may ratify such transactions or put forth the same



to the Board along with its recommendations within 3 months from the date of entering into such transaction and the Board may ratify such transactions.

(ii) Board Approval

Related Party Transactions as defined under Section 188 of the Act which are not in ordinary course of business and/or not on arm's length basis, shall be referred to the Board for its consent at meeting after the same is approved by the Audit Committee. The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose the name of related party, nature of relationship, nature and particulars of the contract/ arrangement, material terms of the contract including value, if any, pricing and other commercial terms and other relevant information to enable the Board to take a decision on the proposed transaction. The Board may approve all Related Party Transactions which are not at arm's length and / or which are not in the ordinary course of business as per the requirement of provisions of the Companies Act 2013 read with the Rules made there under as amended from time to time.

In addition to the above, related party transactions not approved by the Audit Committee but recommended to the Board under above para (i) shall be referred to the Board for its approval. Also, transactions which are in the ordinary course of business and at arm's length and approved by the Audit Committee and do not require approval of the Board in terms of Section 188 of the Act may also be referred by the Audit Committee to the Board for its review as a matter of abundant caution and improved corporate governance practice.

Where any director is interested in any transaction or contract or arrangement with a Related Party, such director shall abstain himself from discussion and voting on the approval of the related party transaction.

(iii) Approval of the Shareholders

The Material Related party transactions which exceed the monetary limit prescribed under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and which are either not on arm's length and/ or are not in the ordinary course of business, shall on recommendation of the Board be placed before the shareholders for its prior approval in accordance with the provisions of the Act and the Rules made thereunder. The related parties of the Company in context of such material related party transactions shall abstain from voting on such resolutions:

S.No	Prescribed Related Party Transactions	Monetary limit
1.	Sale, purchase or supply of any goods or materials directly or through appointment of agents	Amounting to ten percent or more of the turnover of the Company
2.	selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents	Amounting to ten percent or more of net worth of the Company



3.	leasing of property of any kind	Amounting to ten percent or more of the net worth or exceeding ten percent of turnover of the Company.
4.	Availing or rendering of any services directly or through appointment of agents	Amounting to ten percent or more of turnover of the Company.
5.	Appointment to any office or place of profit in the company, its subsidiary company or associate company	Monthly remuneration exceeding two and half lakh rupees
6.	Remuneration for underwriting the subscription of any securities or derivatives thereof of the company	Exceeding one percent of the net worth

Explanation:

- (i) Turnover or Net worth shall be computed based on the last Audited Balance Sheet of the Company. ;
- (ii) The Monetary Limits specified above under point (1) to (6) shall apply for transaction(s) to be entered into either individually or taken together with the previous transactions during a financial year.

However, the requirement of obtaining prior approval of shareholders shall not be applicable for transactions entered into between the holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the next general meeting.

7. Related party Transactions not requiring approval of Audit Committee/Board etc.

Notwithstanding the foregoing, the following Related Party Transactions shall not require separate approval of the Audit Committee/Board/Shareholders under this Policy

- (a) Any transaction pertaining to remuneration to a director or Key Managerial Personnel in connection with his or her duties to the Company which is approved by the Board upon the recommendation of the Nomination and Remuneration Committee Also, reimbursement of business and travel expenses incurred by Director or Key Managerial Personnel in the ordinary course of business,
- (b) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party eg. Payment of Dividend, Buy back of shares etc.
- (c) Transactions involving corporate restructuring such as capital reduction, merger, demerger, hiving off etc. which are approved by the Board and carried out in accordance with the specific provisions of the Companies Act, 2013.



8. Related party Transactions not approved under this Policy

Where any contract or arrangement not in ordinary course of business and/or not on arm's length basis is entered into by a director or any other employee without obtaining the approval of Board or approval of shareholders by a resolution in the general meeting under Section 188(1) of the Act, it shall be put up for ratification by the Board or by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into. In the event the Company becomes aware of a transaction with a Related Party that has not been approved within three months as stated above, the matter shall be reviewed by the Board. The Board shall consider all of the relevant facts and circumstances of such Transaction/ arrangement and evaluate all options available to the Company, including ratification by the shareholders, revision or termination of such transaction/ arrangement and take any such action as it may deem appropriate in accordance with the provisions of the Act.

9. Disclosures

The particulars of contracts or arrangement with Related Parties referred to in section 188(1) shall be disclosed in the Board's report for the financial year commencing on or after April 1, 2014 in the prescribed Form and the said form shall be signed by the persons who have signed the Board's report. The Company shall disclose this Policy on its website and also in its annual report in terms of the applicable RBI master Directions.

10. Register of Contracts/Arrangements in which Directors are interested

The Company shall maintain a Register of Contracts with Related Parties in form MBP 4 in accordance with the requirements of Section 189 of the Act to record particulars of all contracts /arrangements to which Section 184(2) and Section 188 of the Act applies and place such register before the next meeting of the Board and obtain signatures of all Directors present at that meeting. The said register shall be authenticated by the Company Secretary or such other person as may be authorized by the Board and shall be preserved permanently. Such Register of Contracts shall be kept at the registered office of the Company or at such other place as the members of the Company may decide, and shall be open for inspection during business hours. A member of the Company is entitled to get the extracts of the said register, within 7 days of the date of the request and upon payment of such fees as may be specified in the Articles of Association of the Company.

The Key particulars of the form MBP 4 includes:

- Date of contract/ arrangement
- Name of the party with which contract is entered into
- Relation with director/ company/ Nature of concernor interest
- Principal terms and conditions
- Whether the transaction is at arm's length basis
- Details of voting on such resolution
- Amount of contract or arrangement
- Signature or Approvals



11. Applicability

In the event of any provisions contained in this Policy are inconsistent with the provisions contained in Companies Act, 2013 or RBI regulations or Accounting Standards, etc. (Regulatory Acts), the provisions contained in the Regulatory Acts will prevail.

12. Review and Amendments of the Policy

Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Governing laws including Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. The policy will be reviewed and updated annually, or as needed, to align with regulatory changes and evolving best practices with approval of the Board on recommendation of the Audit Committee.

In case any Governing law(s), amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities are not consistent with the provisions laid down under this Policy, then such Governing law(s), amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions here under and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

13. Communication

The said policy will be disclosed on the website of the Company.

