



# **SURANA TELECOM AND POWER LIMITED**

## **POLICY ON RELATED PARTY TRANSACTIONS**

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# SURANA TELECOM AND POWER LIMITED

(CIN- L23209TG1989PLC010336)

Regd .Off: Plot No. 214, 215/A, Phase-II IDA, Cherlapally, Hyderabad TG 500051 IN

## 1. SCOPE AND PURPOSE 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. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed thereunder and Regulation 23 of SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015 (“Listing Regulations”), Surana Telecom and Power Limited (“STPL” or “the Company”) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, Regulation 23 of the Listing Regulations requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions including clear threshold limits duly approved by the Board of Directors.

In light of the above, STPL has framed this Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions (“Policy”). This Policy has been adopted / revised by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board.

In case of any inconsistency in the Policy and the Act / Listing Regulations, as may be amended from time to time, the provisions of the Act / Listing Regulations would prevail.

## 2. ABOUT THE COMPANY:

Surana Telecom and Power Limited has its presence across manufacturing of copper products.

## 3. OBJECTIVE OF THE POLICY:

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of the Listing Regulations and any other laws and regulations as may be applicable to the Company.

## 4. DEFINITIONS:

“**Audit Committee**” shall mean the Audit Committee constituted by the Board of the Company from time to time, in accordance with the provisions of the Act and Listing Regulations.

“**Arms’ 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.

“**Board of Directors**” or “**Board**” shall mean the collective body of the Directors of the Company as constituted from time to time, in line with the provisions of the Act and Listing Regulations.

“**Key Managerial Personnel**” in relation to the Company shall be as defined under Section 2(51) of the Act, as amended from time to time.

**“Material modification”** will mean and include any modification to a Related Party Transaction of an amount exceeding 20% of the existing value of transaction / contract.

Provided further that in case of multiyear contracts with Related Parties, material modification shall mean and include any modification of an amount exceeding 20% of the transaction / contract value prevailing as at the end of the immediately preceding financial year.

**“Ordinary Course of Business (‘OCB’)**” means a transaction which is:

- carried out in the normal course of business envisaged in accordance with the Memorandum of Association (‘MoA’) of the Company as amended from time to time, or
- historical practice with a pattern of frequency, or
- in connection with the normal business carried on by the Company, or
- the income, if any, earned from such activity/transaction is assessed as business income in the Company’s books of accounts and hence is a business activity, or
- common commercial practice, or
- meets any other parameters / criteria as decided by the Board/Audit Committee.

**“Related Party”** with reference to a Company, shall have the meaning as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations.

**“Related Party Transaction” (RPT):**

- for the purpose of the Act, specified transaction of the Company with Related Parties mentioned in clause (a) to (g) of sub-section 1 of Section 188 and clause (iv) of sub-section 4 of Section 177 of the Act; and
- for the purpose of Regulation 2(1)(zc) of the Listing Regulations, a transfer of resources, services or obligations between:
  - a. the Company or any of its subsidiaries on one hand and a related party of Company or any of its subsidiaries on the other hand;
  - b. the Company 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 Company or any of its subsidiaries with effect from April 1, 2023regardless 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 this definition shall not be applicable for the units issued by Mutual Funds which are listed on Recognized Stock Exchanges.

Following shall not be considered Related Party Transaction of the Company in terms of SEBI Listing Regulations:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
- (b) payment of dividend by the Company
- (c) subdivision or consolidation of securities by the Company
- (d) issuance of securities by way of a rights issue or a bonus issue and
- (e) buy-back of securities.

**“Relative”** means relative as defined under sub-section (77) of Section 2 of the Act and Rules prescribed there under.

Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations, Securities Contract Regulation Act or any other applicable law or regulation.

## **5. MATERIALITY THRESHOLDS:**

In accordance with Regulation 23 of Listing Regulations, the Company has formulated this Policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the Board of Directors.

A transaction with a related party shall be considered material if the transactions to be entered individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 crore or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower (“Material Related Party Transaction”).

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, exceeds 5% of the annual consolidated turnover of the Company as per the last audited financial statements.

## **6. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS:**

All Related Party Transactions must be reported to the Audit Committee for its approval in accordance with this Policy.

### **a) Identification of related parties**

- Each Director and Key Managerial Personnel is responsible for providing notice to the Board/Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. The Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy. The Director and Key Managerial Personnel shall send notice of any potential Related Party Transaction.
- The Corporate Secretarial team shall at all times maintain a database of the Company’s Related Parties containing the names of individuals and Companies, identified on the basis of the definition set forth in the Key Definition Section above, alongwith their personal/Company details, including any revisions therein which may be updated every quarter.
- Audit Committee may determine the procedure to be followed for declaration as well as compilation and circulation of the comprehensive List of Related Parties.

### **b) Identification of related party transactions**

The concerned department / executive of the Company entering into a transaction shall identify related party transactions based on the list of Related Parties identified under (a) above, in accordance with Section 177 and 188 of the Act and Regulation 23 of the Listing Regulations. Thereafter the concerned department entering into the transaction shall establish whether the transaction is at arm’s length and in the ordinary course of business or whether the transaction is Material.

### **c) Procedure for approval of related party transactions**

#### **i. Approval of the Audit Committee**

All Related Party Transactions, any modifications to transactions with Related Parties as per the provisions of the Act, and subsequent material modifications to transactions with Related Parties as defined under Listing Regulations shall require prior approval of the Audit Committee, whether at a meeting or by circular.

All Related Party Transactions to which subsidiary of the Company is a party to but Company is not a party, the value of which exceeds the thresholds as prescribed under Regulation 23 of the Listing Regulations shall require prior approval of the Audit Committee.

Above prior approval of the Audit Committee shall not be required in cases where the subsidiary is a listed entity and Regulations 23 and 15(2) of the Listing Regulations are applicable to such listed subsidiary.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

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

#### Omnibus approval of the Audit Committee

The Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliance with the following conditions:

- The Audit Committee shall satisfy itself of the need for such omnibus approval and that such approval is in the interest of the Company;
- The omnibus approval shall provide -
  - (i) the name(s) of the related party, and its relationship with the Company or its subsidiary, nature of transaction, period of transaction, maximum amount of transaction in aggregate that can be entered into during the year;
  - (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.

However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction;

- The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given;
- Such omnibus approval shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.
- The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: -
  - i. repetitiveness of the transactions (in past or in future);
  - ii. justification for the need of omnibus approval

The requirement for seeking Audit Committee approval for related party transactions shall not be applicable to transactions between:

- i. The Company and its wholly owned subsidiary/ies; or
  - ii. two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company.
- Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company or transactions which may require specific approval of the Audit Committee or Board and cannot be considered for omnibus approval under applicable provisions of law;
  - such other conditions as the Audit Committee may deem fit.

Any changes in the policy on account of regulatory requirements will be reviewed and approved by the Audit Committee and the Board. The Audit Committee / Board will give suitable directions / guidelines to implement the same.

The Audit Committee will be provided with all relevant material information of Related Party Transactions, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

The Independent Directors who are members of the Audit Committee may accordingly approve or modify such transactions, in accordance with this Policy and/ or recommend the same to the Board for approval.

The Independent Directors shall ensure that adequate deliberations are held before approving Related Party Transactions which are not in the Ordinary Course of Business or not on Arm's Length or Material Specific Transactions and assure themselves that the same are in the interest of the Company and its Shareholders

## **ii. Approval of the Board of Directors of the Company**

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or at arm's length basis, shall be placed before the Board for its approval. Such approval shall be granted only by means of a Resolution passed at a Meeting of the Board. The Company may if it considers necessary, and shall if the Audit Committee or Board so requires, seek external professional opinion to determine whether a Related Party Transaction is in the Ordinary Course of Business and/or at Arms' Length.

In addition to the above, the following kinds of transactions with related parties shall also be placed before the Board for its approval:

- Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- 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;
- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
- Transactions exceeding the materiality thresholds laid down Clause 5 of the Policy and any subsequent Material Modification to a Material Related Party Transaction, which are intended to be placed before the shareholders for approval.

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.

The Agenda of the Board Meeting at which the Resolution is proposed to be moved for approval of the Related Party Transaction shall disclose the following details:

- i. The name of the Related Party and the nature of relationship;
- ii. The nature, duration 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 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.

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

- Nature of the transaction i.e. details of goods or property to be acquired / transferred or services to be rendered / availed – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
- Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;
- Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction;
- Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
- Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
- market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
- third party comparable, valuation reports, price publications including stock exchange and commodity market quotations;
- management assessment of pricing terms and business justification for the proposed transaction;
- comparative analysis, if any, of other such transaction entered into by the company.

### **iii. Approval of the Shareholders of the Company**

- All Material Related Party Transactions under the Listing Regulations and subsequent Material Modifications thereto shall require prior approval of the Shareholders through a resolution.

For this purpose, no entity falling under the definition of related parties under Listing Regulations shall vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

However, the requirements specified in this sub-clause shall not apply in respect of a 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 the resolution plan being approved

- Transactions with Related Parties, other than Material Related Party Transactions as per the Listing Regulations, which are either not in the Ordinary Course of Business or are not on an Arm's Length Basis and exceeds the thresholds provided under the Act and Companies (Meetings of Board and its Powers) Rules, 2014, shall also require the prior approval of the Shareholders by a Resolution and all Related Parties shall abstain from voting on such Resolution. Material Modifications to the said Related Party Transactions shall also require prior approval of the Shareholders.

Above prior approval of the Shareholders shall not be required in cases where the subsidiary is a listed entity and Regulations 23 and 15(2) of the Listing Regulations are applicable to such listed subsidiary.

The requirement for seeking Shareholders approval shall not be applicable to transactions between:

- i. the Company and its wholly-owned subsidiary(ies); or
- ii. two wholly-owned subsidiaries of the Company whose accounts are consolidated with the Company.

## **7. DISCLOSURES:**

STPL shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.

In addition to the above, STPL shall also provide details of all related party transactions exceeding the materiality threshold (laid down in Clause 5 of the Policy above) on a quarterly basis to the stock exchanges.

Further, the Company shall submit to the stock exchanges, on a half-yearly basis on the date of publication of its standalone and Consolidated financial results, the disclosures relating to Related Party Transactions in the format as specified by SEBI from time to time and publish the same on the website of the Company.

This Policy will be communicated to all Directors, KMP and other concerned person of the Company.

This policy shall also be uploaded on the website of the Company at [www.Suranatele.com](http://www.Suranatele.com) and a web link thereto shall be provided in the Annual Report of the Company.

## **8. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

## **9. REVIEW OF THE POLICY**

This Policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly based on the recommendations of the Audit Committee.

## **10. COMPLIANCE RESPONSIBILITY**

Compliance of this Policy shall be the responsibility of the Head - Group Finance Office of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

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