

## SIYARAM SILK MILLS LIMITED

### POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS.

#### 1. Introduction.

In terms with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time the Company is required to frame and review its Policy on Materiality of Related Party Transactions on Dealing with Related Party Transactions. The Board of Directors of Siyaram Silk Mills Limited (“the Company”) on the recommendation of the Audit Committee has reviewed the Related Party Transaction Policy of the Company and adopted the following Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions at its meeting held on 19<sup>th</sup> January, 2019 which was review on 7<sup>th</sup> May, 2022.

#### 2. Scope of the Policy.

This Policy sets definition of materiality of related party transaction and Policy for dealing with related party transactions.

#### 3. Definitions and Policy.

##### Definitions:

- i) **“Related Party”** means a related party as defined under section 2(76) of the Companies Act, 2013 or under the applicable accounting standards.

Provided that any person or entity belonging to the promoter or promoter group of the Company and holding 20% or more of shareholding in the Company shall be deemed to be a related party.

- ii) **“Related Party Transaction”** means a 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.

- iii) **“Material Related Party Transaction”** means a transaction with a related party which if entered into individually or taken together with previous transaction(s) during a financial year exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such sum as may be prescribed under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

A transaction involving payment made to related party with respect to brand usage or royalty shall be considered material if the transaction to be entered individually or taken together with previous transaction(s) during a financial year exceeds two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such sum as may be prescribed under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

- iv) **“Material Modification”** means modifications to approved Related Party Transactions of an amount exceeding 50% of the existing value of transaction /contract.

#### **4. Policy**

4.1 All related party transactions shall be in compliance with the provisions of the Companies Act, 2013 (“the Act”), Listings Regulations and applicable Accounting Standards, as amended from time to time.

4.2 All related party transactions shall require the prior approval of the Audit Committee.

4.3 All related party transactions shall be on an arms’ length basis.

4.4 All material related party transactions shall require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

4.5 In exceptional circumstances, where permitted by law, related party transactions may deviate from the principle of arms’ length, after approval from Audit Committee, the Board of Directors and the Shareholders of the Company as the case may be.

4.6 All domestic related party transactions shall, wherever applicable, comply with Domestic Transfer Pricing Requirement under section 92B of the Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.

4.7 All international related party transactions shall, wherever applicable, comply with International Transfer Pricing Requirement under section 92B of the Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.

**5. Threshold limits.**

The Board shall approve the threshold limit for related party transaction for every financial year on the recommendation of the Audit Committee in the first meeting of the Board of Directors in a financial year.

**6. Review of the Policy.**

The Board shall review this Policy once in every 3(three) year.

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