

SINGER INDIA LIMITED (SIL)

POLICY ON RELATED PARTY TRANSACTIONS

1. PREAMBLE

The Board of Directors (the “Board”) of Singer India Limited (the “Company”) has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions (“Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (hereinafter referred to as ‘The Listing Regulations, 2015’). Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

2. OBJECTIVE

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

3. DEFINITIONS

“**Audit Committee or Committee**” means the Committee of the Board constituted from time to time under the provisions of Regulation 23 of the Listing Regulations, 2015 and Section 177 of the Companies Act, 2013.

“**Board**” means the Board of Directors as defined under the Companies Act, 2013.

“**Key Managerial Personnel**” means Key Managerial Personnel as defined under the Companies Act, 2013.

“**Material Related Party Transaction**” means a transaction with a Related Party 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 listed entity as per the last audited financial statements of the listed entity, whichever is lower¹.

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 of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

¹ with effect from 01.04.2022

“Related party transaction” means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged and includes –

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 the purchase or sale of goods, materials, services or property; f. Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; g. Underwriting the subscription of any securities or derivatives thereof, of the Company; h. Financing (including loans and equity contributions in cash or kind); i. Providing or obtaining guarantees and collaterals; and j. Deputation of employees. (The above is an indicative list and not an exhaustive one).

(ii) "Related party transaction" have the meaning as defined under Regulation 2(1)(zc) of the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, as amended, from time to time.²

“Relative” means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner –

a. Members of a Hindu undivided family; b. Husband or wife; c. Father (including step-father); d. Mother (including step-mother); e. Son (including step-son); f. Son's wife; g. Daughter; h. Daughter's husband; i. Brother (including step-brother); or j. Sister (including step-sister).

The terms Director, Chief Financial Officer, Company Secretary, shall have the same meaning as assigned under the Companies Act, 2013.

4. POLICY

The Audit Committee shall review and approve all Related Party Transactions based on this Policy.

All proposed Related Party Transactions must be reported to the Audit Committee for prior approval by the Committee in accordance with this Policy. In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre –approval / omnibus approval, details whereof are given in a separate section of this Policy. In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.

5. MATERIALITY THRESHOLDS

Regulation 23 of the SEBI Listing Regulations requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required. None of the related parties of a company shall vote to approve on such resolution irrespective of whether the entity is a related party to the particular transaction or not (RP's can cast only negative vote to reject the shareholders resolution on material RPT).

²with effect from 01.04.2022

Provided that approval from shareholders will not be required for Material Related Party Transaction in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.

Singer India Limited has fixed the following materiality threshold for the purpose of Regulation 23(1), 23(1A) and 23(4) of the SEBI Listing Regulations:

- ✓ Payment to a Related Party with respect to brand usage or royalty – 5% of the annual consolidated turnover of the Company as per last its audited financial statements.
- ✓ Other transactions with a Related Party – exceeds rupees one thousand crore or 10% of the annual consolidated turnover of the Company as per its last audited financial statements whichever is lower.³

Related Party Transaction policy shall be reviewed by the Board of Directors of the Company once in every three years and updated accordingly. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

6. MANNER OF DEALING WITH RELATED PARTY TRANSACTION

6.1 IDENTIFICATION OF RELATED PARTY TRANSACTIONS

Every Director and Key Managerial Personnel will be responsible for providing a declaration in the format as per Annexure 1 containing the following information to the Company Secretary on an annual basis:

1. Names of his / her Relatives; 2. Partnership firms in which he / she or his / her Relative is a partner; 3. Private Companies in which he / she is a member or Director; 4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital; 5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and 6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Every Director and the Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes.

The Company Secretary shall be responsible to maintain an updated database of information pertaining to Related Parties reflecting details of –

1. All Directors and Key Managerial Personnel;
2. All individuals, partnership firms, companies and other persons as declared and updated by Directors and Key Managerial Personnel;
3. Company's holding company, subsidiary companies and associate companies;
4. Subsidiaries of holding company;

³with effect from 01.04.2022

5. Director or Key Managerial Personnel of the holding company or their Relatives;

6. All Singer India Limited Group entities; and

7. Any other entity which is a Related Party as defined under Section 2(76) of Companies Act, 2013, or under the applicable accounting standards read with Regulation 2(1)(zb) of the Listing Regulations, 2015 as amended from time to time.

Provided that any person or entity forming a part of the promoter or promoter group of the Company or holding equity shares of twenty percent or more in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year, shall be deemed to be a related party.⁴

Provided further that with effect from April 01, 2023, the threshold of twenty percent as mentioned in first proviso shall be revised to “ten percent or more” pursuant to the Listing Regulations, 2015

The database shall be updated whenever necessary and shall be reviewed at least once a year jointly by the Company Secretary and Chief Financial Officer. The functional / business heads / Chief Financial Officer /Company Secretary/ shall have access to the updated database.

Every Director, Key Managerial Personnel, Functional / Business heads / Chief Financial Officer will be responsible for providing prior Notice to the Company Secretary of any potential Related Party Transaction.

They will also be responsible for providing additional information about the transaction that the Board / Committee may request, for being placed before the Committee and the Board.

The Company Secretary in consultation with the Chief Financial Officer may refer any potential related party transaction to any external legal/transfer pricing expert and the outcome or opinion of such exercise shall be brought to the notice of the Audit Committee. Based on this Notice, the Company Secretary will take it up for necessary approvals under this Policy.

6.2 REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION AND SUBSEQUENT MODIFICATIONS

(i) All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode. A member of the Committee who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.

(ii) The Audit Committee defines “material modifications”⁵ as any change of 10% or more in the amount of any already approved Related Party Transaction

^{4&5}with effect from 01.04.2022

(iii) All Related Party Transactions and any material modifications shall require the prior approval of the members of the audit committee of the Company in the prescribed format to the extent applicable.

(iv) All other modifications to an approved related party transaction shall also be approved by the Audit Committee.

(v) Only those members of the audit committee who are independent directors shall approve the Related Party Transactions.⁶

(vi) 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 (10%) of the annual consolidated turnover, as per the last audited financial statements of the Company.⁷

6.2.1 CONSIDERATION BY THE COMMITTEE IN APPROVING THE PROPOSED TRANSACTIONS

While considering any transaction, the Committee shall take into account all relevant facts and circumstances 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.

Prior to the approval, the Committee shall, inter-alia, consider the following factors to the extent relevant to the transaction:

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.

While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario,

^{6&7}with effect from 01.04.2022

economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

6.2.2 APPROVAL BY CIRCULAR RESOLUTION OF THE COMMITTEE

In the event the Company Management determines that it is impractical or undesirable to wait until a meeting of the Committee to enter into a Related Party Transaction, such transaction may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be ratified by the Committee at its next scheduled meeting.

6.2.3 APPROVAL OF THE BOARD OF DIRECTORS OF THE COMPANY

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances. Any member of the Board who has a potential conflict of interest in any Related Party Transaction will not remain present at the meeting or shall abstain from discussion and voting on the approval of such Related Party Transaction and shall not be counted in determining the presence of quorum when such Transaction is considered.

6.2.4 APPROVAL OF THE SHAREHOLDERS OF THE COMPANY

All the transactions with related parties exceeding the materiality thresholds, laid down in Clause 5 of the Policy, are placed before the shareholders for approval.

For this purpose, none of the related parties of the Company shall vote to approve on such shareholders' resolution irrespective of whether the entity is a related party to the particular transaction or not. (RP's can cast only negative vote to reject the shareholders resolution on material RPT).

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

However, the requirement of shareholders' approval for Material Related Party Transactions shall not be applicable for the following cases:

- transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.
- transactions entered into between the company and its wholly owned subsidiary whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval

6.2.4 STANDING PRE-APPROVAL / OMNIBUS APPROVAL BY THE COMMITTEE

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval / omnibus approval. While granting the approval the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:

- a. Name of the related party
- b. Nature of the transaction
- c. Period of the transaction
- d. Maximum amount of the transactions that can be entered into
- e. Indicative base price / current contracted price and formula for variation in price, if any
- f. Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee.

Further, where the need of the related party transaction cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the value per transaction not exceeding Rs.1,00,00,000/- (Rupees One Crore only). The details of such transaction shall be reported at the next meeting of the Audit Committee for ratification. Further, the Committee shall on an annual basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

6.2.5 APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS AND SUBSEQUENT MATERIAL MODIFICATIONS

All Material related party transactions and subsequent Material Modifications of such Material related party transactions shall require prior approval of the shareholders through resolution. The shareholders will be provided the minimum prescribed information along with the draft resolution for their consideration. No related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.⁷

6.2.6 TRANSACTIONS NOT IN ORDINARY COURSE OF BUSINESS OR NOT AT ARM'S LENGTH

All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013,

⁷with effect from 01.04.2022

which are not in the Ordinary Course of Business or not at Arms' Length shall also require the prior approval of the shareholders as per the provisions of the Companies Act, 2013 and The Listing Regulations, 2015 as amended from time to time.

6.2.7 RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification. The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances.

6.3 DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

The Company 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 not at arm's length basis along with the justification for entering into such transaction. The Company shall submit disclosures of related party transactions on a consolidated basis, in the format as specified by the Board from time to time for annual results to the stock exchanges and publish the same on its website.⁸

7. SCOPE LIMITATION

In the event of any conflict between the provisions of this Policy and of the Listing Regulations, 2015 / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations, 2015 / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

8. DISSEMINATION OF POLICY

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the intra-net and website of the Company and web link thereto shall be provided in the annual report of the Company.

⁸*with effect from 01.04.2022*

This Policy was last amended on 10th February 2022

