

Related Party Transactions Policy

I. INTRODUCTION

SBC Exports Limited ("**Company**" / "**SBC**") recognizes that Related Party Transactions (as defined below) can present potential or actual conflicts of interest and to protect against any such eventuality and to ensure that such transactions are consistent with the Company's and its shareholders' best interests, This policy regarding the review and approval of Related Party Transactions ("**Policy**") has been recommended by the Audit Committee and adopted by the Company's Board of Directors (as defined below) in order to set forth the procedures under which certain transactions with Related Parties (as defined below) will be approved.

II. DEFINITIONS

a) "**Act**" means the Companies Act, 2013, for the time being in force and as amended from time to time.

b) "**Arm's 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.

c) "**Audit Committee**" means the Audit Committee constituted by the Board of Directors of the Company in accordance with applicable law.

d) "**Board/Board of Directors**" means the board of directors of SBC.

e) "**Key Managerial Personnel**" mean key managerial personnel as defined under Section 2(51) of the Companies Act, 2013.

f) "**Material Related Party Transaction(s)**" means transaction(s) defined as Material Related Party Transaction(s) under SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015 ("SEBI Listing Regulations").

g) "**Ordinary Course of Business**" - The transactions shall be in the ordinary course of business if - (a) If the transaction is covered in the main objects or objects in furtherance of the main objects or (b) If the transaction is usual as per industry practice or (c) If the transaction is happening frequently over a period of time and is for the business purpose of the Company.

h) "**Policy**" means this Related Party Transaction Policy.

i) **“Related Party”** means a related party as defined under the Companies Act, 2013, rules made thereunder and under applicable accounting standards and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof).

j) **“Related Party Transaction”** means a transaction envisaged as a related party transaction defined under the Companies Act, 2013 or under SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015 (including any amendments thereof).

k) **“Relative”**, means with reference to any person, anyone who is related to another, if—

1. they are members of a Hindu Undivided Family;
2. they are husband and wife; or
3. A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely: -

l) **“Rules”** means Rules made by the Central Government pursuant to the provisions of the Companies Act, 2013, for the time in force and as amended from time to time.

- i. Father including step-father;
- ii. Mother including step-mother;
- iii. Son including step-son;
- iv. Son's wife;
- v. Daughter;
- vi. Daughter's husband;
- vii. Brother including step-brother;
- viii. Sister including step-sister.

III. PROCESS AND PROCEDURE FOR DEALING WITH RELATED PARTY TRANSACTIONS

A. Approval of Audit Committee

- Prior approval of the Audit Committee shall be taken for entering into transactions with any Related Party or subsequent modification of the said transactions.
- The Audit Committee may grant omnibus approval for certain Related Party Transactions.
- While granting the omnibus approval, the Committee may prescribe the maximum mark-up to be given to the related parties in transactions involving purchase of goods and services and the minimum mark up to be charged from the related parties involving the sale of goods and services. The Committee may specify the maximum amount for each transaction and for a 12-month period. Where it is not possible to define the nature of the transaction, the Committee may grant approval

to the management to enter into transactions with related parties up to a certain defined monetary limit together with the validity period for such approval.

- The Audit Committee shall review with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to disclosure of any Related Party Transactions or subsequent modification of the same.

B. Approval of the Board of Directors

- Prior approval of the Board of Directors shall be taken for entering into Related Party Transactions or modifications of the same which are not in the ordinary course of business or not on an arm's length basis. Where any director is interested in any contract or arrangement with a Related Party, such director shall not participate in the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

C. Approval of Shareholders

- Prior approval of the shareholders shall be taken for entering into Material Related Party Transactions and also for all Related Party Transactions requiring shareholders' approval in terms of Section 188 of the Act and the rules made thereunder and no related party shall vote to approve on such resolutions irrespective of whether the entity is a party to the particular transaction or not.
- If permitted by the Act and the Rules, the shareholders' approval shall not be required for material related party transactions entered into between the 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.

IV. MATERIAL MODIFICATION TO RELATED PARTY TRANSACTIONS

Material modification will mean and include any modification to an existing related party transaction having variance (increase or decrease) of 15% of the existing limit as may be sanctioned by the Audit Committee / Board / Shareholders, as the case may be. All subsequent material modifications to Related Party Transactions shall require prior approval of the audit committee and of the Shareholders, as the case may be.

V. DISCLOSURES

The Company shall disclose the particulars of contracts or arrangements entered with the Related Parties in such form and manner as may be required under the provisions of the Act and rules made thereunder and the SEBI Listing Regulations.

The Company shall disclose this Policy on its website and also a web link thereto shall be provided in its annual report. The Policy shall also be communicated to all operational employees and other concerned persons of the Company.

VI. LIMITATION AND AMENDMENT

Any subsequent amendment / modification in the SEBI Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.