

S & T CORPORATION LIMITED

RELATED PARTY TRANSACTIONS POLICY

Version 2 - 21st July 2025

Introduction

The Companies Act, 2013 (Act) read with the Companies (Meetings of Board and its Powers) Rules, 2014 (Rules) introduced specific provisions relating to Related Party transactions and defined the term related parties, (material) related party transactions, relatives and key management personnel. The Act and the Rules have also laid down the financial limits and the approval process for such transactions.

In addition, this Policy is framed pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”), as amended and with the objectives to make the corporate governance framework more effective, necessitates all the listed companies to formulate a policy on materiality of Related Party transactions and also a policy on dealing with related party transactions. Accordingly, the Board of Directors (the “Board”) of S & T Corporation Limited (the “Company” or “STCL”), has adopted a policy and standard operating procedures to regulate transactions between the Company and Related Parties.

1. Objective

The objective of this Policy is to regulate transactions between the Company and its Related Parties based on applicable laws and regulations to ensure transparency and compliance in the conduct of such transactions.

2. Applicability

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. Transactions covered by this policy include any contract or arrangement with a Related Party with respect to transactions defined hereunder as “Related Party Transaction”.

3. Scope and Purpose

This policy is intended to ensure the proper approval and reporting of transactions as applicable, between the Company and any of its Related Party in the best interest of the Company and its Stakeholders.

Provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws.

This Policy shall supplement the Company’s other policies in force that may be applicable to or involve transactions with related persons. Further, the Board may amend this policy from time to time as may be required.

The Audit Committee of Directors ("Audit Committee"), shall review, approve and ratify Related Party Transactions based on this Policy in terms of the requirements under the above provisions.

4. Definitions

Unless the context otherwise requires, the terms used in this Policy shall have the same meaning as assigned under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

a) "Related Party" means a person or entity that is:

- (i) a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) a related party under Regulation 2(1)(zb) of SEBI (LODR) Regulations, 2015, which includes:
 - Any person or entity forming part of the promoter or promoter group of the Company;
 - Any person or entity, holding 10% or more of the equity shares (directly or beneficially) in the Company at any time during the immediately preceding financial year.

b) "Related Party Transaction (RPT)" means:

A transfer of resources, services or obligations between the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or any other person or entity, on the other hand, if the purpose and effect of the transaction is to benefit a related party of the Company or any of its subsidiaries.

c) "Material Related Party Transaction" means:

A transaction with a related party shall be considered material if the transaction(s), individually or taken together with previous transactions during a financial year, exceed ₹1,000 crore or 10% of the annual consolidated turnover of the Company, whichever is lower.

For brand usage or royalty payments, transactions exceeding 5% of the annual consolidated turnover shall be deemed material.

"Arm's length Transactions" means a transaction between two Related Parties that is conducted as if they are unrelated so that there is no conflict of interest.

"Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under provisions of Listing Regulations and Companies Act, 2013.

"Board" means the Board of Directors of STCL Consultancy and Engineering Services Limited, as constituted from time to time.

“Company” means a company incorporated under the Companies Act, 2013 or under any previous company law.

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

“Key Managerial Personnel” means key managerial personnel as defined under the Companies Act, 2013 and includes:

- I. Managing Director, or Chief Executive Officer or manager and in their absence, a whole- time director;
- II. Company Secretary; and
- III. Chief Financial Officer

“Ordinary course of Business” means a transaction which is:-

Carried out in the normal course of business envisaged in accordance with Memorandum of Association of the Company as amended from time to time;

Historical practice with a pattern of frequency; or

Common commercial practice; or

Meets any other parameters/criteria as decided by Board/ Audit Committee.

“Relative” means relative as defined under the Companies Act, 2013, as amended from time to time.

4. Identification of Related Parties

The Responsible Person (Company Secretary/ Chief Financial Officer) shall at all times maintain a database of Company’s Related Parties containing the names of individuals and Companies, identified on the basis of the definition set forth in Definition Clause above, along with their personal/company details including any revisions therein.

The Related Party List shall be updated whenever necessary and shall be reviewed at least once a year.

Responsible Person shall collate the information, coordinate and send the Related Party List to the concerned employees which may include MD, Business Heads, Branch Heads, the Finance & Accounts Department and Statutory Auditors and who he believes might be in the position to conduct or know of the possible conduct of Related Party Transactions.

Functional departmental heads shall submit to the CFO and Company Secretary the details of proposed transaction with details/draft contract/ draft agreement or other supporting documents justifying that the transactions are on arms' length basis in an ordinary course of business at prevailing market rate. Based on this note, Company Secretary will appropriately take it up for necessary prior approvals or ratification in case of business exigency from the Audit Committee at its next meeting and convey back the decision to the originator as the case may be. The suggested list of records and supporting documents is detailed separately in this policy.

For the purpose of implementing the provisions under this Policy, the Board and the Audit Committee of Directors of the Company shall receive timely, full and sufficient information about the Transactions covered under this Policy.

In determining, whether to approve or not a Related Party Transaction, the Board will take into account, among other factors, recommendations of the Audit Committee, whether the said Transaction is in the interest of the Company and its stakeholders and there is no actual or potential conflict of interests between the Related Parties.

5. Approval Process

(a) Audit Committee Approval –

All RPTs shall require prior approval of the Audit Committee, including those entered into through subsidiaries. Omnibus approvals may be granted for repetitive transactions subject to annual review.

Provided that only those members of the audit committee, who are independent Directors, shall approve related party transactions.

Provided further that the audit committee of a listed entity shall define "material modifications" and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions.

A transaction with a related party shall be considered material, 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 lower

- Provided that only those members of the audit committee, who are independent Directors, shall approve related party transactions.
- The Audit Committee of a listed entity shall define "Material Modifications" and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;
- a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity; with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary
- prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary. Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice
- remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of regulation 23.
- The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company *(or its subsidiary) which are repetitive in nature subject to compliance of the conditions contained in Listing Regulations and Companies Act, 2013 and Rules made thereunder, as amended from time to time.
- The Committee shall also satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- If any additional Related Party Transaction is to be entered by the Company post omnibus approval granted by the Audit Committee, then the Company shall present such transaction before the Audit Committee in its next meeting for its prior approval.

- The Audit Committee shall also review the statement of significant Related Party transactions submitted by management as per its terms of reference.
- To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions.
- The Audit Committee shall recommend the Related Party Transactions for approval of Board of Directors / Shareholders as per terms of this policy.

(b) Approval of the Board and the Shareholders

The Board shall approve such Related Party Transactions as are required to be approved under Act and/or Listing Regulations and/or transactions referred to it by the Audit Committee.

1. In addition to the above, the following kinds of transactions with related parties shall also placed before the Board for its approval:
 - a. 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;
 - b. 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.
 - c. Material Related Party Transactions as well as Related Party Transactions requiring shareholders approval under Section 188 of the Companies Act, 2013 and Rules made thereunder from time to time, which are intended to be placed before the shareholders for approval.

Where any director is interested in any Related Party Transaction, such director shall not remain present at the meeting when Related Party Transactions is considered.

Further, all such Related Party Transactions exceeding the threshold limits prescribed in the Act shall also require prior approval of shareholders of the Company and Related Party/ies shall abstain from voting on such resolution.

2. In Compliance with Listing Regulations, all the material Related Party Transactions shall require approval of shareholders and the Related Party/ies shall abstain from voting on such resolution. Provided that the Material Related Transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval shall not require approval of the shareholders. In case the shareholders decide not to approve a Related Party Transaction, the Board/ Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or recession of the transaction, or modification of the transaction to make it acceptable to shareholders for approval.

3. Rules for Transactions with Related Parties which are in Ordinary Course of Business/ on arm's length except Specific Transactions

Transactions with Related Parties which are in Ordinary Course of Business of the Company and on arm's length shall be periodically disclosed to the Audit Committee/Board.

The Responsible Person shall ensure that details of such transactions are brought to the notice of Chairperson, Managing Director and /or any other person so authorized and discussed with the Board at the next following meeting, as may be required.

Transactions being entered into with the Related Parties even though being in the ordinary course of business of the company shall satisfy the criteria of arm's length pricing. It shall be the responsibility of the Responsible Person to ensure that requisite evidence and documentation are made available to the Auditors/Audit Committee/Board, as may be required by them, to demonstrate that the transactions are conducted on arm's length basis.

Related Party Transactions not previously approved

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The 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 Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

Where any contract or arrangement is entered into by a director or any other employee of the Company with a Related Party, without obtaining the consent of the Board or approval by a resolution in the general meeting, where required and if it is not ratified by the Board or, as the case may be, by the Shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a Related Party to any director, or is authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

The Company may proceed against a director or any other employee who had entered into such contract or arrangement in contravention of this Policy for recovery of any loss sustained by it as a result of such contract or arrangement and shall take any such action, it deems appropriate.

6. Material Modification

Material modification means any modification to an approved RPT that changes the transaction value by more than 20% or alters the basic nature, scope, or purpose of the transaction.

7. Disclosures

The Company shall disclose all RPTs quarterly to the Stock Exchanges, if RPT is applicable as per SEBI (LODR) Regulations 2015, in the Annual Report, and on its website with a web link in the Annual Report. For material RPTs, a web link or QR code to valuation or external reports considered by the Audit Committee shall also be provided.

8. Certification

Every proposal for an RPT shall be accompanied by a certificate from the CEO/Whole-time Director and CFO confirming that the transaction is in the ordinary course of business, on arm's length basis, and in the interest of the Company.

9. Review of Policy

This Policy shall be reviewed by the Audit Committee and the Board at least once every three years, or earlier if required by any regulatory amendment or change in the business structure.

10. Registers

The Company shall keep and maintain a register, maintained physically or electronically, as may be decided by the Board of Directors, giving separately the particulars of all contracts or arrangements to which this policy applies and such register is placed/taken note of before the meeting of the Board of directors.

11. Effective Date

This Policy shall come into effect from July 21, 2025 and supersedes all earlier versions of the Related Party Transaction Policy.