

**Smiths & Founders (India) Limited**  
*(formerly Shimoga Technologies Limited)*

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

*(as revised and approved by the Board of Directors on 21.06.2023)*

**A. 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 Section 188 of the Companies Act, 2013 (“Act”) read with the Rules framed there under and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (Regulations), Smiths & Founders (India) Limited has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

The Company has, therefore, framed this Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. The Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board.

**B. 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, and any other laws and regulations as may be applicable to the Company.

**C. MATERIALITY THRESHOLDS**

Clause 49 of the Listing Agreement requires a company to provide materiality thresholds for transactions beyond which the shareholders’ approval will be required by way of a special resolution. A transaction with a related party is considered material if the transaction/ transactions to be entered into, either individually or taken together with previous transactions with such related party during a financial year, exceeds ten percent of the consolidated annual turnover as per the last audited financial statements of the Company.

**D. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS**

1. The Company shall not enter into any transactions with a Related Party without prior approval of the Audit Committee.

2. The definition of transactions and Related Party shall be guided by the provisions of Companies Act, 2013 and the rules framed thereunder, by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 Agreement and by the applicable Accounting Standard.
3. The Company shall ensure that all transactions in the ordinary course of business with Related Party (ies) are on an arm's length basis applying the principles of governance and good practice and related controls. In the event such contract or arrangement is not in the ordinary course of business and / or not at arm's length, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.
4. Any related party transactions above the materiality threshold as per Para 3 above shall be placed for approval of the shareholders of the Company.
5. Further, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:
  - i. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of repetitive transactions;
  - ii. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
  - iii. The omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) 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;
  - iv. 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;
  - v. 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;
  - vi. Such omnibus approval shall be valid for 1 year.

The Audit committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;  
Such omnibus approval shall specify the following:

- i. The name(s) of the related party
  - ii. Nature of transaction
  - iii. Period of transaction,
  - iv. Maximum amount of transaction that can be entered into
  - v. The indicative base price / current contracted price and the formula of variation in the price if any and;
  - vi. Such other conditions as the audit committee may deem fit;
- Provided that where the need for RPT cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to the value not exceeding Rs. 1 Crore per transaction.

Audit committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.

Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

#### **E. DISCLOSURES**

- i. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- ii The Company shall disclose this policy on its website and a web link thereto shall be provided in the Annual Report

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