

POLICY ON MATERIALITY AND DEALING WITH RELATED PARTY TRANSACTIONS OF SPENTA INTERNATIONAL LIMITED

1. PREAMBLE, SCOPE AND APPLICABILITY

The Board of Directors of Spenta International Limited (“**the Company**”) has adopted the following policy and procedures with regard to Related Party Transactions as defined below.

This policy is framed in compliance with the provisions of Regulation 23 and other applicable provisions, if any, of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**the Listing Regulations**”) and Section 188 and other applicable provisions, if any, of the Companies Act, 2013 (“**the Act**”) and the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, and other applicable provisions, if any; collectively referred to as the Applicable Regulatory Provisions.

This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company.

All Related Party Transactions shall be entered into by the Company in accordance with this Policy or in accordance with the applicable provisions.

2. DEFINITIONS

- “**Arm’s length transaction**” has been defined to mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- “**Audit Committee**” means the Audit Committee of the Board constituted under provisions of the Listing Regulations and the Act.
- “**Board**” means Board of Directors of the Company.
- “**Key Managerial Personnel**” shall have the meaning as defined in section 2(51) of the Act and other applicable provisions, if any, as amended from time to time.
- “**Material Related Party Transaction**” shall have the meaning as defined in the Applicable Regulatory Provisions.

Without prejudice to the foregoing, at present, as per the explanation to Regulation 23(1) of the Listing Regulations, this term means *a transaction with a related party shall be considered material if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds **Rupees 1,000 crores or ten percent** of the annual consolidated turnover of the company as per the last audited financial statements of the Company, **whichever is lower**.*

Further, 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.

- “**Related Party**” means related party as defined in section 2(76) of the Act and Regulation 2(zb) of the Listing Regulations or under the applicable accounting standards, each as amended from time to time
“Provided that:
 - (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
 - (b) any person or any entity, holding equity shares:
 - (i) of twenty per cent or more; or
 - (ii) of ten per cent or more, with effect from April 1, 2023;**
 in the listed entity 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.”
- “**Related Party Transaction(s)**” refers to those transactions that are covered under the scope of section 188 of the Act and Regulation 2(zc) of the Listing Regulations and any other applicable provisions as amended from time to time.
- “**Material Modification**” means any modification which exceeds 20% of the approved limit of the Related Party Transactions after taking into consideration the revised proposal relating thereto

3. REVIEW AND APPROVAL OF THE RELATED PARTY TRANSACTIONS

The Company may enter into any related party transaction and subsequent material modifications thereof with the prior approval of the Audit Committee and only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions.

All Material Related Party Transactions and subsequent Material Modifications thereof shall require prior 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.

However, prior approval of the shareholders of a 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. For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

Provided further that 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 percent** of the annual consolidated turnover, as per the last audited financial statements of the listed entity;

Provided further that **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 percent** of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

Provided further that 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 the Listing Regulations are applicable to such listed subsidiary. For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the audit committee of the listed subsidiary shall suffice.

EXCEPTIONS

The provisions of sub-regulations (2), (3) and (4) of Regulation 23 shall not be applicable in the following cases:

- transactions entered into between a holding 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.
- transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

On a quarterly basis, the Audit Committee shall review transactions with related parties for omnibus approval given on the basis of the Applicable Regulatory Provisions. Omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

4. 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.

However, the requirements specified above shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

The Company has fixed the following materiality threshold for the purpose of Regulation 23(1), 23(1A), 23(2) and 23(4) of the SEBI Listing Regulations. The Board of Directors in their meeting held on **February 11, 2022** have approved the threshold limits as provided in **Annexure A** of this Policy for determining the materiality.

➤ CONTRACTS OR ARRANGEMENTS NOT IN THE ORDINARY COURSE OF BUSINESS OR AT ARM'S LENGTH BASIS

Contracts or arrangements approved which are not in the ordinary course of business or at arm's length shall be disclosed in the Board's Report along with justification for entering into such contract or arrangement.

In the event such contract or arrangement is not in the ordinary course of business or at arm's length, the company shall comply with the provisions of the Act and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.

5. DISCLOSURES

The Company shall disclose details of contracts or arrangements or transactions not at arm's length basis in its Directors Report and material contracts or arrangement or transactions at arm's length basis in its Corporate Governance Report.

The Company shall disclose the Policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.

Further, the Company shall submit within 15 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format as specified by the Board from time to time to the stock exchanges where the specified securities (as defined in the Listing Regulations) of the Company are listed and publish the same on its website.

Provided further that **with effect from April 1, 2023** the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results.

6. REVIEW OF THE POLICY

This Policy shall be reviewed by the board of directors at least once every three years and updated accordingly

‘ANNEXURE-A’

All Related Party Transactions will be subject to following approval matrix, as may be applicable:

Provisions	Approval Required		
	Audit Committee	Board of Directors	Shareholders (Ordinary Resolution)
Transactions in ordinary course of business and on annual arm's length basis up to Rs 1000 crores or 10% of annual consolidated turnover of the Company, whichever is lower	√		
Transactions in ordinary course of business and on annual arm's length basis in excess of Rs 1000 crores or 10% of annual consolidated turnover of the Company, whichever is lower	√	√	√
Payments made to a Related Party with respect to brand usage or royalty up to 5% 2% of annual consolidated turnover of the Company	√		
Payments made to a Related Party with respect to brand usage or royalty in excess of 5% 2% of annual consolidated turnover of the Company	√	√	√
Transactions either not in the ordinary course of business or arm's length basis			
Sale, purchase or supply of any goods or materials, directly or through appointment of agent.	√	√	*√ *Exceeding 10% of annual turnover or Rs.100 Crore whichever is lower
Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent.	√	√	*√ *Exceeding 10% of net worth or Rs.100 Crore whichever is lower
Leasing of property of any kind.	√	√	*√ *Exceeding 10% of turnover or 10% of net worth or Rs.100 Crore whichever is lower
Availing or rendering of any services, directly or through appointment of agent	√	√	*√ *Exceeding 10% of annual turnover or Rs. 50 Crore whichever is lower
Appointment to any office or place of profit in the company, its subsidiary company or associate company	√	√	*√ *Remuneration exceeds Rs. 250,000 per month

Underwriting the subscription of any securities of the company or derivatives thereof	√	√	*√ *Remuneration exceeds 1% of net worth
<p>* Note: In case of shareholders' approval for such transactions, related parties that are parties to the contract shall abstain from voting.</p>			