

**SANCO TRANS LIMITED**  
**Policy on Related Party Transactions**

### **1. Preamble**

The Board of Directors (the “Board”) of SANCO TRANS LIMITED (“the Company”), have approved and adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will administer this policy, will review and may propose amendments to this policy from time to time with the approval of Board.

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

### **2. Purpose**

This policy is framed as per requirement of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its Shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

### **3. Definitions**

#### **3.1 Applicable Law**

“**Applicable Law**” means the Companies Act, 2013 (“the Act”) and the Rules prescribed thereunder, the Listing Agreement and includes any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

#### **3.2 Arm’s Length Basis:**

“**Arm’s Length Basis**” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determining Arm’s Length Basis, guidance may be taken from the transfer pricing provisions under the Income Tax Act, 1961.

#### **3.3 Associate**

“**Associate**” means a company as defined under section 2(6) of the Act, or under the Applicable Accounting Standard

#### **3.4 Audit Committee**

“**Audit Committee**” means the Audit Committee of the Board which as on date complies with the provisions of Section 177 of the Act read with applicable Rules and SEBI LODR.

### **3.5 Body Corporate**

“**Body Corporate**” means an entity as defined in Section 2(11) of the Act.

### **3.6 SEBI LODR**

“**SEBI LODR**” means the regulations as contained in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) including any amendment or modification thereof

### **3.7 Director**

“**Director**” means a person as defined in Section 2(34) of the Act.

### **3.8 Key Managerial Personnel**

“**Key Managerial Personnel**” mean the officers of the Company as defined in Section 2(51) of the Act and Rules prescribed thereunder.

### **3.9 Employees**

“**Employees**” mean the employees and office-bearers of the Company, including but not limited to Whole-Time Directors.

### **3.10 Ordinary Course of Business**

“**Ordinary Course of Business**” means all such acts and transactions undertaken by the Company in the normal routine to conduct its business operations and activities and includes all such activities which the Company can undertake as per the Objects clause of the Memorandum of Association of the Company. The Company should take into account the frequency of the activity and its continuity carried out in a normal organised manner for determining what is in the Ordinary Course Business.

### **3.11 Material Related Party Transactions**

A transaction with a related party shall be considered as ‘material related party transactions’ if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity. Notwithstanding the above, 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 115{five} percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

### **3.12 Relative**

“**Relative**” shall have the meaning assigned to it in Section 2(77) of the Act and the Rules prescribed thereunder and SEBI LODR

### **3.13 Related Party**

“**Related Party**” means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act, and Regulation 2(zb) of the SEBI LODR.

### **3.14 Related Party Transactions**

“**Related Party Transactions**” means such transactions directly or indirectly involving any Related Party as specified under Section 2(76) read with Section 188 of the Act, or Rules prescribed thereunder and Regulation 2(zc) of the SEBI LODR including any amendment or modification thereof, as may be applicable.

Related Party Transaction shall be construed to include a single transaction or a group of transactions in a contract.

### **3.15 Senior Management**

“**Senior Management**” means personnel of the Company who are members of its core management team excluding Board comprising all members of management one level below the Senior Vice-president, including the functional heads.

### **3.16 Subsidiary**

“**Subsidiary**” means a company as defined in Section 2(87) of the Act read with relevant Rules prescribed thereunder.

**3.17** Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI LODR, Securities Contracts (Regulation) Act, 1956 or any other Applicable Law or Regulation in force.

## **4. Policy**

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

### **4.1 Identification of Potential Related Party Transactions**

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

## **4.2 Prohibitions related to Related Party Transactions**

The Related Party Transactions and subsequent material modifications at arm's length shall require prior approval of Audit Committee. The Related Party Transactions and subsequent material modifications not at arm's length shall require prior approval of Audit Committee, Board of Directors and Shareholders.

All Material Related Party Transactions and subsequent material modifications as defined by the audit committee under sub-regulation, whether at arm's length or not at arm's length, shall require prior approval of the shareholders through resolution and all the Related Parties shall abstain from voting on such resolutions.

## **4.3 Review and Approval of Related Party Transactions**

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse him or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, 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. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

i. Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;

ii. Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;

iii. Whether the Related Party Transaction would affect the independence of an independent Director;

iv. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;

v. Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and

vi. Whether the Related Party Transaction would present an improper 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, Executive Officer or other Related Party, the direct or indirect nature of the Director's, 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 Board/Committee deems relevant.

vii. Information concerning potential counterparties in the transaction

viii. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction

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 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.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

i. Any transaction that involves the providing of compensation to a Director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

#### **5. Related Party Transactions not approved under this Policy**

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.

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.