

Sundram Fasteners Limited

REGISTERED & CORPORATE OFFICE
98-A, VII FLOOR
DR. RADHAKRISHNAN SALAI,
MYLAPORE, CHENNAI - 600 004, INDIA
TELEPHONE : +91 - 44 - 28478500
PAN : AAACS8779D
CIN : L35999TN1962PLC004943
WEBSITE : www.sundram.com

SUNDRAM FASTENERS LIMITED

RELATED PARTY TRANSACTIONS POLICY

[Pursuant to Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015]



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1. Introduction

Sundram Fasteners Limited (the Company) headquartered in Chennai, India, has established a track record of leadership over 60 years. With a diversified product line, world-class facilities and motivated team of talented people, the company has become a supplier of choice to leading customers in the automotive and industrial segments worldwide. Over the years, the company has acquired cutting-edge technological competencies in forging, metal forming, close- tolerance machining, heat treatment, surface finishing and assembly. Manufacturing locations are supported by engineering and design personnel working on new product design and development. Understanding the global nature of business and the need to provide quality products on “just in time” basis to customers, the company has established supply chain logistics networks spanning several continents. For the company, growth is a natural outcome of total adherence to three core operating principles: customer orientation, total quality and ethical business practices.

1.1 Scope and Purpose of Related Party Transactions Policy

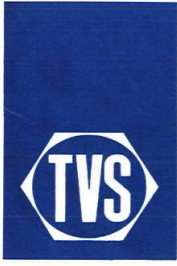
Section 188 of the Companies Act, 2013, deals with the legal requirements relating to Related Party Transactions. Further, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which became effective December 1, 2015 mandates the company to formulate a policy on the materiality of related party transactions and also on dealing with related party transactions. Further, the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 impose various responsibilities on the Board and Audit Committee with respect to related party transactions. The Company also recognizes that related party transactions may have a potential or actual conflict of interest, which may be against the interest of the company. Accordingly, the Board of Directors of the company has approved the following related party transactions policy with a view to comply with the legal requirements, eliminate potential / actual conflict of interest and to regulate the transactions between the company and its related parties.

2. Definitions

2.1 ‘Act’ means the Companies Act, 2013 including any amendment or modification thereof.

2.2 ‘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.

2.3 ‘Associate’ means a company as defined under section 2(6) of the Companies Act, 2013 and as defined



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- by Indian Accounting Standards (Ind AS) 28
- 2.4 'Audit Committee' means the Committee of the Board formed under Section 177 of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 2.5 'Board of Directors' or 'Board' means the Board as defined in Section 2(10) of the Companies Act, 2013
- 2.6 'Body Corporate' means an entity as defined in Section 2(11) of the Companies Act, 2013.
- 2.7 'Company' means Sundram Fasteners Limited.
- 2.8 'Director' means a person as defined in Section 2(34) of the Companies Act, 2013.
- 2.9 'Key Managerial Personnel' shall mean persons as defined in Section 2(51) of the Companies Act, 2013 and rules prescribed thereunder.
- 2.10 'Material Related Party Transactions' shall mean a transaction with a related party, 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 Company as per the last audited financial statements of the Company, whichever is lower or as defined in any other applicable law or regulation including any modification or amendment thereof, as may be applicable, from time to time.
- 2.11 "Material Modification" to a Related Party Transaction shall mean any one or more of the following:
- Modification of the price or value of the contract/ arrangement or rate of interest (in case of a loan) by 10% or more;
 - Extending or reducing the contract period by 6 (six) months or more;
 - Extending or reducing the credit period (in case of commercial transactions) by more than 6 (six) months or repayment period (in the case of financial transactions) by more than 6 (six) months;
 - Providing additional concession/ rebate of 10% or more; and
 - Any other aspect which may be considered "material" to the Audit Committee considering the nature of transaction
- 2.12 'Ordinary course of business' means the usual transactions that are necessary and are normal according to the historical practices of the Company, which have recurring frequency in connection with the business of the company and includes all such activities which the Company can undertake as per the Memorandum and Articles of Association of the company.
- 2.13 'Related Party' means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable accounting / secretarial standards. This will include the parties who:
- Form part of the promoter or promoter group of the Company; or
 - Hold equity shares above 10% at any time during the immediately preceding financial year in the



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Company, either directly or on a beneficial interest basis as provided under Section 89 of the Act:

2.14 "Relative" means relative as defined in Section 2(77) of the Act and rules prescribed thereunder.

2.15 ***'Related Party Transactions'*** shall mean a transaction involving a transfer of resources, services or obligations between:

- i. 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
- ii. The Company or any of its subsidiaries on the one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries;

regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Prior approval of the Audit Committee shall be required for all Related Party Transactions and material modifications, if any, and also for Related Party Transaction to which the subsidiary of the Company is a party, but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds threshold of 10% of the annual standalone turnover in accordance with the last audited financial statement of the subsidiary.

However, the following transactions shall not be considered as Related Party Transaction for the purpose of this policy:

- a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as modified or substituted from time to time;
- b) the following corporate actions which are uniformly applicable/ offered to all its shareholders in proportion to their shareholding in the Company:
 - i. payment of dividend;
 - ii. sub-division or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities
- c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board.
- d) ***acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the***



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relevant jurisdiction from time to time.

- e) ***retail purchases from the Company or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.***

2.16 'Subsidiary' means a company as defined in Section 2(87) of the Companies Act, 2013.

2.17 'Transaction' with a related party shall be construed to include single transaction or a group of transactions in a contract or arrangement.

2.18 Words and expressions used in this policy shall have the same meanings respectively assigned to them in the Companies Act, 2013, Listing Agreement with the Stock Exchanges and / or any other applicable rule, regulations as the context may require.

3. Approval / Reporting requirements

3.1 Approvals

Approving Authority Nature of transactions requiring approval

Audit Committee All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee of the Company. However, the Audit Committee may grant omnibus approval for the Related Party Transactions as specified in Clause 5 of this policy, provided the omnibus approval for each such transaction shall not exceed 30% of the value approved by the Committee / Board during the immediately preceding financial year.

Provided further that the transactions entered into between the company and a wholly-owned subsidiary of the company shall not require the approval of the Audit Committee or the shareholders, when the accounts of the subsidiary are consolidated with the company; and approved by the shareholders of the Company at a general meeting.

Board of Directors

/ Shareholders Where the contract or arrangement with the Related Party is either not in the ordinary course of business or is not at arm's length or both, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board and its shareholders, as may be applicable.

Shareholders All material related party transactions and subsequent material modifications shall require prior approval of the shareholders through resolution and no related party shall vote to approve on such resolutions whether the entity is a related party to the particular transaction or not. Provided that prior approval of the shareholders of the Company 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 SEBI



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(Listing Obligations and Disclosure Requirements) Regulations, 2015 are applicable to such listed subsidiary.

All material related party transactions shall require approval of the shareholders through resolution and no related party shall vote to approve on such resolutions whether the entity is a related party to the particular transaction or not.

Stock Exchanges

/ Company Website The Company shall submit Related Party Transactions in the format as prescribed by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, from time to time.

Provided that the remuneration and sitting fee paid by the Company or its subsidiary to its directors, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require such disclosure provided that the same is not material in terms of provision of Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3.2 Reporting / Review

- a. All Related Party Transactions shall be reported to the Audit Committee and after review, the Audit Committee shall refer the same to the Board for its noting in accordance with this Policy;
- b. Related Party Transactions shall be referred to the next regularly scheduled meeting(s) of Audit Committee for its review;
- c. For the purpose of review, the Audit Committee, shall be provided with all relevant material information of the RPT, 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;
- d. Any member of the Audit Committee who has an interest in any related party transaction shall recuse himself or herself and shall not participate in the discussion and voting on the approval of such related party transactions;
- e. Audit committee shall also review on an annual basis, the status of long-term (more than one year) or recurring Related Party Transactions.

4 Disclosure by Directors / Key Managerial Personnel for identification of related party transactions:

- a. Each Director and Key Managerial Personnel and other Related Party shall promptly notify the Audit Committee of any material interest that such person or relative of such person had, has or may have in a Related Party Transactions, by providing notice to the Board or Audit Committee of any potential related party transaction involving him or her or his or her Relative together with additional information about the related party transaction that the Board or Audit Committee may reasonably



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request.

- b. Such notice of any related party transaction shall be given well in advance, so that the Audit Committee / the Board has adequate time to obtain and review information about the proposed related party transaction.
- c. The Board / Audit Committee shall determine whether a transaction does, in fact, constitute a related party transaction requiring compliance with this Policy.

5 Related Party Transactions, which do not require prior Audit Committee review / approval:

- a. The Audit Committee shall be entitled to grant omnibus approval in line with the policy on Related Party Transactions of the Company for transactions, which are repetitive in nature provided the approval for each such transaction shall not exceed 30% of the value approved by the Committee / Board during the immediately preceding financial year.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- c. Such omnibus approval shall specify the following:
 - i. Name(s) of the Related Party;
 - ii. Nature of the 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 for variation in the price, if any, and;
 - vi. Such other conditions as the Audit Committee may deem fit.
 - vii. Where it is not possible for a Related Party Transaction or a class of Related Party Transaction to be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such related party transactions, provided that each transaction value shall not exceed Rs.1.00 crore.
 - viii. The Audit committee shall review the details of related party transactions entered into by the Company / **Subsidiary Companies** pursuant to each of the omnibus approval on a quarterly basis.
 - ix. The omnibus approval shall be valid for a period of one year and shall require fresh approvals from the Audit Committee after the expiry of 1 (one) year from the grant of each approval.

6 Factors to be considered by the Board/ Audit Committee while approving a Related Party Transaction:

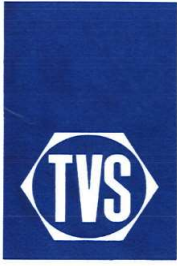


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- a. Whether the terms of the Related Party Transaction are fair to the Company and are on arm's length basis and would apply on the same basis, if the transaction did not involve a Related Party;
- b. Whether there are any overwhelming business reasons for the Company to enter into the Related Party Transaction and the nature of possible alternative transactions, if any;
- c. Whether the Related Party Transaction would affect the independence of an Independent Director;
- d. The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:
 - i. the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
 - ii. the transaction is not material in terms of the provisions of Regulation 23 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - iii. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
 - iv. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - v. any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.
- e. Whether the Related Party Transaction would pose a conflict of interest for any Director, or a key managerial personnel of the Company, having regard to the size of the transaction, the overall financial gains, which may accrue to the Director, key managerial personnel or other Related Party, the direct or indirect nature of interest of the Director, KMP or other Related Party in the transaction and any other factors the Board / Audit Committee may consider necessary.



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7 Information to be placed before the Audit Committee

The following information has to be placed before the audit committee for approval of a proposed Related Party Transaction:

- a. Type, material terms and particulars of the proposed transaction.
- b. Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise)
- c. Tenure of the proposed transaction (particular tenure shall be specified)
- d. Value of the proposed transaction
- e. The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided)
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
 - i. details of the source of funds in connection with the proposed transaction;
 - ii. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments:
 - nature of indebtedness;
 - cost of funds; and
 - tenure
 - iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction.
- g. Justification as to why the Related Party Transaction is in the interest of the Company:
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- j. Any other information that may be relevant.



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8 Information to be provided to the shareholders for consideration of material related party transactions:-

- a. A summary of the information provided by the management of the Company to the audit committee as specified above;
- b. Justification for why the proposed transaction is in the interest of the Company;
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the details specified under point 7(f) above;
- d. A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction, on a voluntary basis;
- f. Any other information that may be relevant.

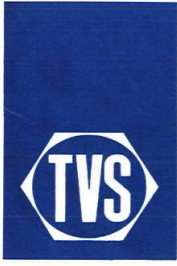
9 Right of the Board / Audit Committee

a. The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- i. the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- ii. the transaction is not material in terms of the provisions of sub-regulation (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- iii. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- iv. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
- v. any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

- b. While reviewing any Related Party Transaction, the Board / Audit Committee have authority to modify or waive any procedural requirements specified in this Policy.



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- c. Any transaction involving any amount not exceeding one crore rupee is entered into by a director or officer of the company with related parties without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorized by any other director, the director concerned shall indemnify the company against any loss incurred by it.

10 Disclosure of the Policy

The company will disclose the policy on dealing with Related Party Transactions on its website.

11 Amendments to the Policy

The Audit Committee will, from time to time, review and may amend the policy as per the changing legal requirements and / or as and when required subject to approval of the Board. This policy may be amended by the Board at any time either suo-motu and / or pursuant to amendments to the Companies Act, 2013 and rules made thereunder, listing agreement or such other rules, regulations, guidelines as may be notified by Securities Exchange Board of India.

In case of any amendment, clarification, circular, notification, etc., issued by a competent authority, which is not consistent with the provisions laid down under this policy, the provisions of such amendment, clarification, circular, notification, etc., shall prevail and this policy shall stand amended accordingly without any further action, on and from the date on which such amendment, clarification, circular, notification comes into effect.

Further, Chief Financial Officer and Company Secretary of the Company are authorized to amend this policy only to the extent of amendments introduced by the Securities and Exchange Board of India after updating the Board of Directors of such regulatory changes.

The Amended Policy will take effect from January 27, 2025.