

POLICY ON RELATED PARTY TRANSACTIONS

1. Introduction

Sumitomo Chemical India Limited (**"the Company"**) is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that related party transactions can present a risk of actual, apparent or potential conflict of interest of the Promoters, Directors and Senior Management etc. with the interest of the Company.

The Board of Directors (**the "Board"**) of the Company has adopted this revised policy with regard to related party transactions (**"Related Party Transaction Policy" / "RPT Policy"**), in line with the requirements of Sections 177 and 188 of the Companies Act, 2013 (**"the Act"**) read with Rules made thereunder and the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"LODR"**).

The revised Policy has been approved by the Board at the Meeting held on 27th January, 2026 and comes into effect immediately.

The Audit Committee may review and recommend amendment to this Policy from time to time.

2. Purpose

The objective of this policy is to ensure proper approval, disclosure and reporting of related party transactions.

Provisions of this policy are designed to govern the transparency of approval and review process and disclosure requirements to ensure fairness in the conduct of related party transactions in terms of the applicable laws, rules and regulations. This Policy shall supplement the Company's other policies in force that may be applicable to or deal with transactions with related persons. Further, the Board may amend this policy from time to time.

3. Applicability and governing law, rules and regulations

The RPT Policy will be applicable to the Company and its subsidiaries with respect to all Related Party Transactions covered within the scope of Sections 177 and 188 of the Act and / or LODR.

This Policy shall be governed by the Act, read with Rules made thereunder, as may be in force for the time being as well as the relevant provisions of LODR or such other Rules/Regulations and Industry Standards on information and disclosures, as may be notified by SEBI from time to time. Any references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or modified from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).

4. Key Definitions

“Audit Committee” means Committee of Board of Directors of the Company constituted under the provisions of Section 177 of the Act and LODR.

“Board of Directors” or **“Board”** in relation to the Company means the collective body of the directors of the Company.

“Key Managerial Personnel” (“KMP”) in relation to a company means:

- i. the Chief Executive Officer, or the Managing Director or the Manager;
- ii. the Company Secretary;
- iii. the Whole-time director;
- iv. Chief Financial Officer; and
- v. Such other Officer, not more than one level below a whole-time director, designated as key managerial personnel by the Board; and
- vi. such other officer as may be prescribed under the Act

“Material Modification” shall mean a modification to an approved transaction which leads to change in the amount of the transaction by twenty percent or Rupees ten million, whichever is high.

“Material Related Party Transaction” - A transaction with a related party shall be considered material if the amount of transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceeds the thresholds specified in Schedule XII of LODR.

A transaction involving payments to a related party with respect to brand usage or royalty shall be considered material if the amount of the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual consolidated turnover of the Company as per its last audited financial statements.

“Related Party” definition as per the provisions of the Act:

“Related Party”, with reference to the Company, shall have the meaning as defined in Section 2(76) of the Act.

“Related Party” definition as per the provisions of LODR:

“Related Party”, with reference to a company, shall have the meaning as defined in Regulation 2 (zb) of LODR.

“Related Party Transaction” means

- for the purpose of the Act, all the transactions with related parties defined under the Act and in so far as Section 188 of the Act is concerned, transactions mentioned in clauses (a) to (g) of sub-section 1 of Section 188;

- for the purpose of LODR, a transaction involving transfer of resources, services or obligations as defined in Regulation 2 (zc) of LODR.

“Relatives” with reference to any person shall have the meaning as defined in Section 2(77) of the Act read with Rule 4 of the Companies (Specification of definition details) Rules, 2014.

A **“Transaction”** with a related party shall be construed to include single transaction or a group of transactions in a contract.

5. Policy on Related Party Transactions

All proposed related party transactions and proposed subsequent material modification thereto must be reported to the Audit Committee for its prior approval in accordance with this Policy. In case it is not possible for any reason to report a related party transaction to the Audit Committee before it is entered into, it should be reported to the Audit Committee for its approval/post-facto approval as soon as possible thereafter. Where the need for a related party transaction cannot be foreseen with clarity and details therefor are not available, the Audit Committee may grant omnibus approval for such related party transactions subject to value of such transaction not exceeding Rupees ten million per transaction. Such transactions, however, will be reported thereafter as soon as possible to the Audit Committee for review.

A related party transaction above ₹ 10 million, whether entered into individually or taken together with previous transactions with a related party during a financial year, to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Company’s Audit Committee if the value of such transaction, exceeds 10% of the subsidiary’s turnover as per the last audit financial statements of the subsidiary or the thresholds for material related party transactions of the Company as specified in Schedule XII of SEBI LODR, whichever is lower.

5.1. Identification of potential Related Parties and Transactions

Every Director and Key Managerial Personnel is responsible for providing notice to the Board or the Audit Committee of any potential related party transaction involving him/her or his/her relative, including any additional information about the transaction that the Board or Audit Committee may require. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company prefers to receive such notice of any potential related party transaction well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

The Company Secretary shall at all times maintain a database of the Company’s related parties and the related parties of the Company’s subsidiaries containing the names of

individuals, companies and entities, identified on the basis of the definition set forth in the Key Definitions Section above.

Certain transactions of the Company's subsidiaries require prior approval of the Audit Committee. Every subsidiary company shall be responsible for providing information about such transactions to the Company to enable reporting of such transactions to the Audit Committee for its prior approval.

The Audit Committee shall be provided with the information and disclosures as specified in 'Industry Standards on minimum information to be provided to the Audit Committee for approval of Related Party Transactions' formulated by SEBI and for the time being in force, including the following information regarding related party transactions for which the Committee's approval is sought:

- Name of the related party and the nature of its relationship with the Company
- Type, particulars and material terms (including tenure) of the transaction
- Value of the transaction and its percentage to the Company's consolidated turnover of the preceding year as per the last audited financial statements
- Justification as to how the transaction is in the interest of the Company
- Such other information as may be specified by SEBI or under Industry Standards from time to time.

5.2. Approval of Related Party Transactions

5.2.1. Prior approval of Audit Committee

All related party transactions of the Company and subsequent material modification thereto and specified transactions of the Company's subsidiary shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the following:

1. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
2. The Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company;
3. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period/tenure of transaction, maximum amount of transaction and maximum amount per transaction that can be entered into, (ii) the 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;

4. Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company;
5. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year;
6. The Audit Committee shall specify the transactions which cannot be approved by it by means of omnibus approval.

5.2.2 Ratification by Audit Committee

In case prior approval of the Audit Committee has not been obtained for a transaction with a related party, the Audit Committee may ratify such transaction in its immediate next Meeting or within three months from the date of such transaction, whichever is earlier, subject to the following conditions:

- (i) The value of all the transaction(s) with a related party so ratified, whether entered into individually or taken together, during a financial year shall not exceed Rupees ten million;
- (ii) The transaction is not material in terms of this policy;
- (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) 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 director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

5.2.3 Other provisions for Audit Committee's role

Only those members of the Audit Committee, who are Independent Directors, shall vote for approving related party transactions.

Any member of the Audit Committee who has a potential interest in any related party transaction, will abstain from discussion and voting on the approval and review of the Related Party Transaction and shall abstain from attending meeting of the Committee when such transaction is presented for discussion and approval or review.

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 transaction are fair and on arm's length basis and would apply on the same basis if the transaction did not involve a related party;

- ii. Whether there are any undue compelling business reasons for the Company to enter into the transaction and the potential alternative transactions available, if any;
- iii. Whether the transaction would affect the independence of the directors / KMP;
- iv. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transactions;
- v. Where the ratification of a related party transaction is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company; and
- vi. Whether the transaction would present an improper conflict of interest for any director or KMP of the Company, taking into account the size of the transaction, the overall financial position of the related party, the direct or indirect nature of the related party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee deems relevant.

The Audit Committee shall decide whether a particular transaction requires approval of the Board of Directors and / or Shareholders in view of the provisions of section 188 of the Act, or the provisions contained in LODR or for any other reasons.

Where the Audit Committee does not approve a particular related party transaction, it shall make its recommendations to the Board.

5.2.4. Prior approval of Board of Directors under the Act

Transactions with the related parties (as defined under the Act) within the scope of Section 188 of the Act, which are either not in the ordinary course of business or are not at arms' length shall require prior approval of the Board.

In determining whether to approve a related party transaction, the Board shall consider the same criteria as the Audit Committee is required to consider in terms of para 5.2.1 above.

In case a related party transaction requiring approval of the Board is entered into by a Director or other employee without obtaining such approval, the transaction shall be voidable at the option of the Board.

5.2.5. Shareholders' approval

Shareholders' approval through an ordinary resolution shall be obtained in the following cases as per the requirements of the Act:

- Transactions with the related parties (as defined under the Act) covered within the scope of Section 188 of the Act, which are either not in the ordinary course of

business or are not on an 'arm's Length Basis' and exceed the threshold specified under section 188 of the Act and the rules made thereunder.

No member of the Company shall vote on the resolution for approval of related party contract or arrangement if such a member is a related party.

Shareholders' prior approval through an ordinary resolution shall be sought and obtained in the following cases as per the requirements of LODR:

- All material related party transactions and subsequent material modification thereto covered within the scope of LODR

No entity falling under the definition of related parties (as defined under LODR) shall vote in favour of such resolution irrespective of whether the entity is a party to the particular transaction or not.

However, the above shall not be applicable to transactions between the Company and its wholly owned subsidiary whose accounts are consolidated with those of the Company and placed before the shareholders at the general meeting for approval.

The Notice to the shareholders seeking their approval for material related party transactions and the explanatory statement annexed to the Notice shall contain information and disclosures as specified in the 'Industry Standards on minimum information to be provided to the shareholders for approval of Related Party Transactions' formulated by SEBI and for the time being in force.

In case a related party transaction requiring approval of the shareholders is entered into by a Director or other employee without obtaining such approval, the transaction shall be voidable at the option of the shareholders.

5.3. Disclosure to Stock Exchanges

The Company shall submit disclosures of related party transactions to the stock exchanges on which the Company's securities are listed and publish the same on its website as specified in LODR.

5.4. Disclosure of Related Party Policy

This policy shall also be uploaded on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.