

Siemens Limited

Policy on Related Party Transactions

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1. Preamble

The Board of Directors (the “Board”) of Siemens Limited (the “Company”) has adopted the following policy and procedures with regard to its related party transactions (“Related Party Transactions (RPT) Policy” or “Policy”) dealing with the requirements of Section 188 of the Companies Act, 2013 read with Rules made there under (hereinafter referred to as ‘the Act’) and the relevant regulations under the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 on RPT and subsequent amendments thereto (hereinafter referred to as ‘LODR’),

The Board may consider amendments to this Policy based on the recommendations of the Audit Committee, from time to time as it may deem appropriate.

2. Purpose

The objective of this Policy is to ensure proper approval, disclosure and reporting of transactions, as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders. Further, as per LODR, a policy needs to be formulated to deal with RPT including formulating a policy on materiality of RPT. This Policy therefore lays down the mechanism to deal with RPT including material transactions.

The Audit Committee shall periodically review this Policy and may recommend amendments to the Board from time to time as it may deem appropriate.

3. Applicability and governing law

The Policy shall be governed by the Act, as may be in force for the time being as well as LODR or such other Rules/Regulations, 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 as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modifications)

This Policy will be applicable to the Company with effect from 1st October, 2014.

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4. Definitions

- a. **Arm's Length Transaction:** "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.
- b. **Audit Committee:** "Audit Committee" means the Committee of the Board of Directors constituted under Section 177 of the Act and LODR.
- c. **Key Managerial Personnel:** "Key Managerial Personnel" in relation to a Company shall have the meaning as defined in Section 2(51) of the Act read with the Regulation 2 (1) (o) of LODR.
- d. **Material Related Party Transactions:** "Material Related Party Transactions" shall mean a transaction as defined "material" in Regulation 23 of LODR and/or contracts or arrangements given under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, requiring shareholder's approval.
- e. **Related Party:** "Related Party" means a related party as defined in Section 2(76) of the Act read with Regulation 2 (1) (zb) of the LODR.
- f. **Related Party Transaction:** "Related Party Transaction" or "RPT" shall mean such transaction as specified under Section 188 of the Act and Regulation 2 (1) (zc) of the LODR.
- g. **Relative:** "Relative" with reference to any person shall have the same meaning as defined in Section 2 (77) of the Act.
- h. **Ordinary course of business:** A transaction can be considered to be in the ordinary course of business if it is entered into in relation to provision of goods or services in which the Company regularly deals or where the transaction is in respect of goods or services in which the counterparty normally deals and the Company repeatedly enters into such transactions for the purpose of its business or the transaction is necessary, normal and incidental to business.
- i. Any other term not defined herein shall have the same meaning as defined in the Act and the LODR.

5. Policy on Related Party Transactions

Identification of potential Related Party Transaction

The Accounting and Controlling Head in consultation with Company Secretary shall at all times maintain a database of Company's Related Parties containing the names of individuals and entities, identified on the basis of the definition set forth in the Definition section above along with their personal/entity details including any revisions therein. The database shall be reviewed quarterly jointly by the Accounting and Controlling Head and Company Secretary.

Each Director and Key Managerial Personnel of the Company is responsible for providing notice to the Board or 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 request.

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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.

Prior Notice of any potential RPT should be sent well in advance to the Audit Committee so that the Committee has adequate time to obtain and review information about the proposed transaction.

Determination of Arm's Length

The Company adopts generally accepted practices and principles in determining whether the transaction is at 'Arm's Length'. In the absence of any definition, the Company may refer to guidance given in Income Tax laws, Customs laws, etc.

Determining Arm's Length price is a matter of judgement and it shall be assessed on case by case basis depending upon the facts and circumstances in each case.

Prior approval of Audit Committee

All Related Party Transactions shall require prior approval of Audit Committee. The Audit Committee can grant omnibus approval for the proposed Related Party Transactions which are repetitive in nature and are in the Ordinary course of business and are at Arm's Length, subject to compliance of the conditions set forth in LODR and the Act and shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company.

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 of the Related Party Transaction.

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

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

Prior approval of Board of Directors under the Act

All transactions with 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 Arm's Length shall require prior approval of the Board of Directors. Information in such form and manner as prescribed in the Act would be provided to the Board.

In the above context, where any Director is interested in any contract or arrangement with a Related Party, such Director shall not be present during the discussions and voting on the subject matter of the resolution relating to such contract or arrangement.

Approval of Shareholders

Transaction with Related Parties (as defined under Act) covered within the scope of Section 188 of the Act, which are either not in the Ordinary course of business or not on Arm's Length basis and exceeds the threshold under section 188 of the Act shall require prior approval of the shareholders through a resolution. The Related Party shall abstain from voting where such contract or arrangement is being considered.

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All Material Related Party Transactions covered within the scope of LODR shall require approval of the shareholders through a resolution. For this purpose, all entities falling under the definition of Related Parties (as defined under LODR) shall abstain from voting to approve such resolution irrespective of whether the entity is a party to the particular transaction or not.

However, the above shall not be applicable for transactions between Siemens Limited and its wholly owned subsidiaries whose accounts are consolidated with Siemens Limited and placed before the shareholders at the general meeting for approval.

Related party transactions not approved under this Policy

In the event the Company becomes aware of a transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit 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 failure of the internal control systems and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders. In connection with any review/approval of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirement of this Policy.

Disclosure

The Related Party Policy shall be uploaded on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

Appropriate disclosures as required under the Act and the LODR will be made and/or submitted to the Stock Exchange, as may be applicable.

6. Amendments in Laws

Any subsequent amendment/modification in the Act / LODR and/or other applicable Laws in this regard shall automatically apply to this Policy.