

SUPER SPINNING MILLS LIMITED
POLICY ON RELATED PARTY TRANSACTIONS

INTRODUCTION

This policy is intended to ensure proper approval and reporting of transactions between Super Spinning Mills Limited and its Subsidiaries, Associates and the related parties in terms of the applicable laws and regulations.

SCOPE AND PURPOSE OF THE POLICY

Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, Super Spinning Mills Limited has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions.

In the light of the above, Super Spinning Mills Limited has framed this Policy on Related Party Transactions (“Policy”) which has been adopted by the Board of Directors of the Company.

OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Companies Act, 2013, Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

DEFINITIONS

“Act” means the Companies Act, 2013.

“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.

“Audit Committee” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

“Board of Directors” or “Board”, in relation to a company, means the collective body of the directors of the company;

“Company” means Super Spinning Mills Limited.

“Control” shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

“Key Managerial Personnel” or “KMP” shall have the meaning as defined in Section 2(51) of the Companies Act, 2013.

“Material Related Party Transaction” means a transaction with a Related Party where the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceed 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Relative” means relative as defined under Section 2(77) of the Act and rules prescribed thereunder.

“Related Party” has the meaning as defined in Section 2(76) of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

"Related Party Transaction" means any transaction involving transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged, including but not limited to the following –

- i. sale, purchase or supply of any goods or materials;
- ii. selling or otherwise disposing of, or buying, property of any kind;
- iii. leasing of property of any kind;
- iv. availing or rendering of any services;
- v. appointment of any agent for purchase or sale of goods, materials, services or property;
- vi. appointment to any office or place of profit in the company

Explanation: A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities Contract (Regulation) Act or any other applicable law or regulation.

MANNER OF DEALING WITH RELATED PARTY TRANSACTION

IDENTIFICATION OF RELATED PARTIES

Super Spinning Mills Limited shall identify and update the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from time to time.

IDENTIFICATION OF RELATED PARTY TRANSACTIONS

Super Spinning Mills Limited shall identify the related party transactions in accordance with Section 188 of the Act and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company shall determine whether a transaction is in the ordinary course of business and at arm's length basis on a case by case basis and for this purpose may seek external professional opinion, if necessary.

PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION

APPROVAL OF THE AUDIT COMMITTEE

All related party transactions require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval and such criteria shall include the following;
 - i. maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year,
 - ii. the maximum value per transaction which can be allowed
 - iii. extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval

- iv. review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made
 - v. transactions which cannot be subject to the omnibus approval by the Audit Committee
- b. The Audit Committee shall while specifying the criteria for granting omnibus approval take into consideration the following factors
 - i. Repetitiveness of the transactions (in past or in future)
 - ii. Justification of the need for omnibus approval
- c. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- d. The omnibus approval shall provide the following details
 - i. the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into,
 - ii. basis of arriving at the indicative base price / current contracted price and the formula for variation in the price if any and
 - iii. such other details as the Audit Committee may deem fit.
- e. In case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction. The transaction under this category will also be reported to the Audit Committee.
- f. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the company pursuant to each of the omnibus approval given;
- g. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after expiry of one year.
- h. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

APPROVAL OF THE BOARD OF DIRECTORS OF THE COMPANY

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section which are not in the ordinary course of business or not at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- a) Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- b) Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval
- c) Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval

APPROVAL OF THE SHAREHOLDERS OF THE COMPANY

All the transactions with related parties exceeding the materiality thresholds, laid down in the Policy, are placed before the shareholders for approval.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not at Arm's Length or in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its 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 in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee and the Board wherever necessary. The Audit Committee and the Board (wherever necessary) 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 Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

DISCLOSURES

Super Spinning Mills Limited shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction. Further, the company shall also disclose in the Boards' Report, the details of material transactions entered into with related parties which are in the ordinary course of business and on arm's length basis in the format as prescribed in the Act.

In addition to the above, Super Spinning Mills Limited shall also provide details of all related party transactions meeting the materiality threshold limit on a quarterly basis to the stock exchanges along with the quarterly report on Corporate Governance.

This policy shall be uploaded on the website of the company and a Web link thereto shall be provided in the Annual Report.

POLICY REVIEW

In connection with any review/approval of a related party transaction, the Board of Directors has the authority to modify or waive any procedural requirements of this Policy.