

## **SUPER SPINNING MILLS LIMITED**

### **POLICY ON RELATED PARTY TRANSACTION**

#### **INTRODUCTION**

This policy is intended to ensure proper approval and reporting of transactions between Super Spinning Mills Limited and its Subsides, 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 (LODR) Regulations 2015, as amended from time to time, 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 (LODR) 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"). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to adoption by the Board.

#### **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 Act, Regulation 23 of the SEBI (LODR) Regulations 2015 and any other laws and regulations as may be applicable to the Company.

## DEFINITIONS

“**Act**” means the Companies Act, 2013.

“**Accounting Standards**” means the standards of accounting or any addendum thereto for companies or class of companies referred to in Section 133 of the Act.

“**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.

“**Ordinary course of business**” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

“**Company**” means Super Spinning Mills Limited

“**Relative**” with reference to a Director or KMP means persons as defined in 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, its subsidiary or associate and

VII. underwriting the subscription of any securities or derivatives thereof.

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

**“Material Related Party Transaction”** means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceed 10% (or such other limit as may be specified under applicable laws/regulations, as the case may be) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Notwithstanding the above, a transaction involving payments made to related party with respect to brand usage or royalty shall be considered material, if the transactions to be entered into individually or taken together with the previous transactions during a financial year exceeds 2% of the annual consolidated turnover of the Company as per the last audited financial statement of the Company<sup>1</sup>.

**“Key Managerial Personnel”** or **“KMP”** shall have the meaning as defined in Companies Act 2013.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, Regulation 23 of the SEBI (LODR) Regulations 2015, Securities Contract Regulation Act or any other applicable law or regulation.

## **MATERIALITY THRESHOLD**

Regulation 23 of the SEBI (LODR) Regulations 2015 requires a company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of an Ordinary resolution. Super Spinning Mills Limited has fixed its materiality threshold at 10% of the annual consolidated turnover of the company as per last audited financial statements of the company for the purpose of Regulation 23 of the SEBI (LODR) Regulations 2015.

## **MANNER OF DEALING WITH RELATED PARTY TRANSACTION**

### **IDENTIFICATION OF RELATED PARTIES**

Super Spinning Mills Limited has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 23 of the SEBI (LODR) Regulations 2015.

### **IDENTIFICATION OF RELATED PARTY TRANSACTIONS**

Super Spinning Mills Limited has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and Regulation 23 of the SEBI (LODR) Regulations 2015.

Super Spinning Mills Limited also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company will seek external domain expert 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, after obtaining approval of the Board of Directors, lay down the criteria for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of repetitive transactions;

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. The omnibus approval shall provide details of

(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 conditions as the Audit Committee may deem fit. However, 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.

d. While assessing a proposal for approval under the omnibus route, the Audit Committee is to satisfy itself on the need for such approval and that the same is in the interest of the Company.

e. 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;

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

## **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 and 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 which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;

b) 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;

c) 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

d) 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 under the Policy, are placed before the shareholders for approval. For this purpose, no related party shall vote to approve such resolutions<sup>1</sup> irrespective of whether the entity is a party to the particular transaction or not.

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 Board or shareholders, as applicable for its approval.

## **DISCLOSURES**

Super Spinning Mills Limited shall make appropriate disclosures in its Annual Return, Board's report, and at such other places and to the Stock Exchanges on which equity shares of the Company are listed and such other authority as may be prescribed under the laws.

Board's report shall specify the 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.

This policy shall be uploaded on the website of the company and a Web like thereto shall be provided in the Annual Report. Quarterly / periodical update to the Audit Committee on all related party transactions entered in to by the Company.

The listed entity shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website<sup>1</sup>.

## **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. 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 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.

## **POLICY REVIEW**

This policy shall be reviewed and updated by the board of directors at least once in every three years subject to recommendation of the Audit Committee<sup>1</sup>.

This policy was last modified and adopted on 9<sup>th</sup> February 2019 and will be reviewed as and when deemed necessary.

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<sup>1</sup> - *Inserted vide amendment dt. 09.02.2019*