

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.

“Board” shall mean Board of Directors of the Company.

“Company” means Super Spinning Mills Limited

“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.

“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.

Provided that:

- (a) any person or entity forming part of the promoter or promoter group of the listed entity; or
- (b) any person or entity, holding equity shares

- (i) of twenty percent or more or

- (ii) *of ten percent or more (with effect from 01.04.2023)*

in the listed entity either directly or on a beneficial interest basis as provided under Sec. 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

"Related Party Transaction" means *any transaction involving* transfer of resources, services or obligations between

- (a) ³the Company or any of its subsidiaries and a related party of the Company or any of its subsidiaries; or
- (b) ³the Company or any of its subsidiaries and any other person or entity whose purpose is to benefit a related party of the Company or any of its subsidiaries

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 modifications” means any modifications to the material related party transactions which were approved by the Audit Committee or Shareholders during the year which will change the complete nature of the transaction and in case of monetary thresholds which is in excess of 10% of the originally approved transaction, in case of exigencies only.

“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, w.e.f July 01st 2019, 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 5% of the annual consolidated turnover of the Company as per the last audited financial statement of the Company¹.

“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

As per Regulation 23 of the SEBI (LODR) Regulations 2015, a Related Party Transaction would be considered material, if the transaction entered individually or taken together with previous transactions during a financial year, exceed Rs 1000 Crores or 10% of the annual consolidated turnover of the company as per last audited financial statements of the company, whichever is lower.

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

- Require Prior Approval of audit committee
- Shall require prior approval of the Board of Directors
- Shall require approval of the shareholders through special resolution

APPROVAL OF THE AUDIT COMMITTEE

All related party transactions irrespective of its materiality *and subsequent material modification*, require prior approval of the Audit Committee where such transaction is taking place in the Ordinary Course of business and on arm's length basis.

Prior approval of Audit Committee is required for the following Related Party Transactions:

- i. Where Company is a party
- ii. Where 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 ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company.
- iii. With effect from April 1, 2023, Where 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 ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;
- iv. Transaction of the Company and/or its subsidiaries with unrelated parties, the purpose and effect of which is to benefit the Related parties of the Company or any of its subsidiaries.

The Audit Committee will take into account following considerations while dealing with the RPTs:-

- Nature of relationship with the related party;
- Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
- Method and manner of determining the pricing and other commercial terms;
- Whether the transaction is at arm's length; and
- Any other information relevant or important for the Audit Committee/ Board to take a decision on the proposed transaction.
- Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise); Tenure of the proposed transaction (particular tenure shall be specified); Value of the proposed transaction The percentage of the listed entity'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) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity 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 RPT.
- Justification as to why the RPT is in the interest of the listed entity;
 - A copy of the valuation or other external party report, if any such report has been relied upon;
 - Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;

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. Only members of the Audit Committee who are independent members shall approve all Related Party Transactions.

OMNIBUS APPROVAL

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.

THRESHOLD LIMITS

The threshold limits for RPTs for granting omnibus approval for each financial year, as per the criteria is as follows:

SNo	Criteria	Amount
1	Maximum value of transactions, in aggregate, which can be allowed under the omnibus route	Rs 15 Crores
2	Maximum value per transaction which can be allowed	Rs 5 Crores per transaction with a related party

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 material related party transactions and subsequent material modifications as defined by the audit committee and laid down in under the Policy, shall require prior approval of the shareholders. For this purpose, no related party shall vote to approve such resolutions¹ *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.

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.

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 link thereto shall be provided in the Annual Report. Quarterly / periodical update to the Audit Committee on all related party transactions entered into by the Company.

The listed entity shall submit 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 within fifteen days from the date of publication of its standalone and consolidated financial results:

With effect from April 1, 2023, the listed entity shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results.

Maintenance of Registers

The Company shall keep and maintain a register, physically or electronically, in respect of related party transactions which are required to be entered in the Register as may be specified in the Companies Act, 2013 or SEBI (Listing Obligation and Disclosures) Requirements Regulations, 2015 and such register will be placed of before the next meeting of the Board of Directors.

- The Company shall maintain such register at the Registered Office of the Company and provide extracts from such register to a member of the Company on his request, within seven days from the date on which such request is made upon the payment of such fee as may be specified in the articles of the Company.
- The register to be kept under this section shall also be produced at the commencement of every Annual General Meeting of the Company and shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.
- The register shall be preserved permanently and shall be kept in the custody of the Company Secretary /Chief Financial Officer of the Company or any other person authorized by the Board for the purpose.

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 to be in line with the changes, amendments and modifications if any in the Companies Act, 2013, Rules, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Accounting Standards, as applicable.

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 in to effect.
