

POLICY ON RELATED PARTY TRANSACTIONS

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PREAMBLE:

This Policy deals with Materiality of Related Party Transactions and dealing with the Related Party Transactions in terms of the Regulation 23 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**SEBI LODR**) and the Companies Act, 2013. The Board of Directors of the Company ("**Board**"), basis the recommendation of the Audit Committee ("**Committee**"), has approved the following policy and procedures for reviewing, approving and ratifying Related Party transactions and in providing disclosures with respect to the related party transactions in order to ensure the transparency as well as substantive and procedural fairness of such transactions.

DEFINITIONS:

"Arm's Length Transaction" means transaction between two related or affiliated parties that is conducted as if they were unrelated, so that there is no conflict of interest.

"Audit Committee/Committee" means committee of Board of Directors of the Company constituted in accordance with the provision of SEBI LODR and Companies Act, 2013.

"Board" means Board of Directors of the Company.

"Key Managerial Personnel" means key managerial personnel as defined under the Companies Act, 2013.

"Policy" means Related Party Transaction Policy.

"Related Party" means a related party as defined under Regulation 2(1)(zb) of SEBI LODR, section 2(76) of the Companies Act, 2013 or under the applicable accounting standards, read with amendments issued from time to time.

"Related Party Transaction" means a related party transaction as defined under Regulation 2(1)(zc) of the SEBI LODR and section 188 of the Companies Act, 2013, read with amendments issued from time to time.

“Material Modification” means any change in the value of transaction exceeding 30% of the value of the original transaction with the related party already approved by the Audit Committee / Board / Shareholder.

“Material Related Party Transaction” means a material transaction with a Related Party as provided in the explanation under Regulation 23 of the SEBI LODR which read as under:

Regulation 23(1) inter-alia provides that a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rupees One Thousand Crore or Ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the listed entity, whichever is lower.

Regulation 23(1A) inter-alia provides that notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company.

“Relative” with reference to a director or a Key Managerial Personnel means persons defined under Section 2(77) of the Companies Act read with amendments issued from time to time.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI LODR as amended from time to time or any other applicable law or regulation.

POLICY

1. MATERIALITY THRESHOLDS:

1.1 The Board has, in accordance with the SEBI LODR, determined that a transaction with a related party shall be considered as material if the transaction to be entered into individually or taken together with previous transactions during a financial year exceeds:

1.1.1 rupees one thousand crore or ten per cent of the annual consolidated turnover as per the last audited financial statements, whichever is lower.

1.1.2 five percent of annual consolidated turnover as per the last audited financial statements in case of a transaction involving payment with respect to brand usage or royalty.

- 1.2 The above threshold limit shall be reviewed by the Board every three years or as per any amendments prescribed under the Companies Act, 2013 or SEBI LODR as the case may be.

2. IDENTIFICATION OF RELATED PARTIES:

- 2.1 Related parties shall be identified under the Companies Act, 2013 and the SEBI LODR, as amended from time to time.
- 2.2 The Compliance Officer / Team shall request information that may be required for inclusion in the list of Related Parties from all the Directors and Key Managerial Personnel of the Company.
- 2.3 Each Director and Key Managerial Personnel of the Company shall be required to inform the Compliance Officer of the Company of any change in the information previously provided on the list of Related Parties of the Company in form MBP-1 including declarations as under:
 - a. Declaration of list of relatives
 - b. Declaration about a firm in which a Director or his relative is a partner.
 - c. Declaration about a private Company in which a Director or his relative is a member or director.
 - d. Declaration regarding a public company in which a Director is a Director and holds along with his relatives more than 2% of the paid-up share capital.
 - e. Declaration by Holding Company regarding its Directors/ KMPs' and their relatives.
 - f. Details of any Body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director of the Company.
 - g. Details of any person on whose advice, directions or instructions a director is accustomed to act:

Provided that nothing in point no. f and g shall apply to the advice, directions or instructions given in a professional capacity.
 - h. Details of any Company which is:
 - i. holding, subsidiary or an associate company of such company; or
 - ii. a subsidiary of a holding company to which it is also a subsidiary.
 - iii. an investing company or the venturer of the company.

Explanation.—For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

2.4 Each Director and Key Managerial Personnel 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 / Audit Committee may reasonably request.

3. CIRCULATING OF ABOVE LIST OF RELATED PARTIES:

The list of Related Parties shall be circulated to MD/CFO/ Finance & Accounts Department/ Operations Department, Statutory Auditor and Internal Auditor.

4. APPROVALS FOR TRANSACTIONS WITH RELATED PARTIES:

4.1 Before undertaking any transaction, it must be examined by the Company whether such transaction qualifies as a Related Party Transaction, requiring compliance with this Policy. The CFO and Company Secretary shall jointly / severally evaluate the applicability based on the details of the proposed transaction with details/draft contract/ draft agreement or other supporting documents justifying that the transactions are on arms' length/not arm's length basis in an ordinary/not ordinary course of business and shall determine whether a transaction does, in fact, constitute a Related Party Transaction and if so, seek approval as provided in 4.3, 4.4 and 4.5 as the case may be.

4.2 Approval of Audit Committee:

- a. All related party transactions and subsequent material modifications shall require prior approval of Audit Committee in terms of Regulation 23 (2) of the SEBI LODR.
- b. The related party transactions shall only be approved by the members of the Audit Committee who are Independent Directors.
- c. Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the following conditions, namely-
 - i. the Audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;
 - ii. the Audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;
 - iii. the omnibus approval shall specify:
 - the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
 - the indicative base price / current contracted price and the formula for variation in the price if any; and
 - such other conditions as the Audit committee may deem fit:

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, Audit committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees One Crore per transaction.

- d. the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given.
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- f. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy provided the same do not deviate from any regulatory requirements.
- g. Any member of the Audit Committee who has a potential interest in any Related Party Transaction will abstain from any discussions or voting on such proposals.

4.3 Approval of the Board:

- a. The Board shall approve such Related Party Transactions as are required to be approved under Act and/or SEBI LODR and/or transactions referred to it by the Audit Committee. All related party transactions which are not in the Ordinary course of business or do not qualify as an Arm's Length Transaction will be put up for prior approval of the Board.
- b. In addition to the above, the following kinds of transactions with related parties shall also be placed before the Board for its approval:
 - I. 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;
 - II. Material Related Party Transactions as well as Related Party Transactions requiring shareholders approval under Section 188 of the Companies Act, 2013 and Rules made thereunder, which are intended to be placed before the shareholders for approval.
- c. Any member of the Board who has any interest in any Related Party Transaction will recuse himself / herself and abstain from discussion and voting on the approval of the Related Party Transaction.

4.5 Approval of the Shareholders:

- a. All related party transaction which are material in nature as defined by SEBI LODR and / or Companies Act, 2013 and subsequent material modifications thereof shall be placed for prior approval of the shareholders in terms of Regulation 23(4) of the SEBI LODR.
- b. any member of the Company who is a Related Party, irrespective of being related to the said transaction or not, shall not vote on resolution passed for approving such Related Party Transaction.
- c. In case the shareholders decide not to approve a Related Party Transaction, the Board/ Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or recession of the transaction, or modification of the transaction to make it acceptable to shareholders for approval.

4.6 Exempted Transactions:

In respect of exempted transactions as specified under section 188 of the Companies Act, 2013 and read along with the rules made thereunder the SEBI LODR Regulation 23 (5) and any other applicable laws, approval of the Audit Committee or Board or the Shareholders shall not be required.

5. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

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

6. DISCLOSURE AND REPORTING:

- a. Details of the Related Party Transactions during the quarter shall be disclosed in the Audit Committee and Board meeting.
- b. The Company shall submit to the stock exchange disclosure of related party transactions in the format specified by SEBI from time to time and publish the same on its website.
- c. In case the Company has issued high value debt securities then it shall submit such disclosure along with its standalone financial results for the half year.
- d. The Company shall make such disclosure every six months within fifteen days from the date of publication of its standalone and consolidated financial results.

- e. From April 1, 2023, the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results.
- f. Director's report shall contain details of Related Party Transactions as required under the Companies Act, 2013.
- g. The Annual Report shall contain details of Related Party Transactions as required under the Companies Act, 2013 and Schedule V of SEBI LODR Regulation.
- h. Disclosures with respect to Related Party Transactions shall be made as per applicable provisions of the Companies Act, 2013 and/or SEBI LODR Regulation.

7. REGISTERS & RECORDS

7.1 The Company shall keep and maintain the Register of contracts or arrangements in which Directors are interested as required under the Companies Act, 2013. 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.

8. CONSEQUENCES OF NON-COMPLIANCE:

Any Director or Employee of the Company who enters into or authorises any contract or arrangement in violation of this Policy, the Companies Act, 2013, SEBI LODR or any other applicable law or regulation may be subject to such disciplinary proceedings as the Board members may deem fit in addition to the penal consequences as prescribed by the law from time to time.

9. REVIEW AND AMENDMENTS

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically and appropriate recommendations shall be made to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise. The policy shall be reviewed by the Board of Directors at least once every three years including threshold limits specified therein and updated accordingly. Any exceptions to the Policy on Related Party Transactions must be consistent with the Companies Act 2013, including the Rules promulgated there under and SEBI LODR and must be approved in the manner as may be decided by the Board of Directors. Any subsequent amendment / modification in SEBI LODR, Act and/or applicable laws in this regard shall automatically apply to this Policy.
