

SSPDL LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

PREAMBLE AND OBJECTIVE:

The changes introduced in the Corporate Governance norms through the Companies Act, 2013 ("**the Act**"), the Rules made thereunder ("**the Rules**") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**the Regulations**") require the companies to have enhanced transparency and due process for approval of the Related Party Transactions. The Regulation 23(1) of the Regulations mandates that the listed entity shall formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors.

In the light of the above, the Board of Directors (the "**Board**") of SSPDL Limited (the "**Company**") has adopted / amended this Policy upon the recommendation of the Audit Committee. This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions. The Board amended this Policy in its meeting held on 14.02.2024, and it shall come into effect from 14th February, 2024.

The objective of this Policy is to set out the materiality threshold and the manner of dealing with Related Party Transactions, etc. in compliance with the requirements of the Companies Act, 2013, the Rules made thereunder and the Regulations.

DEFINITIONS:

"**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 SSPDL Limited, from time to time, under Section 177 of the Companies Act, 2013 and the Regulations.

"**Board of Directors**" or "**Board**" means the Board of Directors of SSPDL Limited, as constituted from time to time.

"**Company**" means SSPDL Limited.

"**Key Managerial Personnel**" means the Managing Director, the Company Secretary, the Chief Financial Officer and such other officers/employees of the Company 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(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 listed entity as per the last audited financial statements of the listed entity, whichever is lower.

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 5% (five percent) of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

"**Material Modification**" means any modifications to the related party transactions which were approved by the Audit Committee or Shareholders.

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“Policy” means Policy on Related Party Transactions.

“Related Party”, means—

(A) With reference to the Company:

- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent. of its paid-up share capital;
- (vi) 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 or manager;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

(viii) any body corporate which is—

- (A) a holding, subsidiary or an associate company of such company; or
- (B) a subsidiary of a holding company to which it is also a subsidiary; or
- (C) an investing company or venturer of the company

(“the investing company or venturer of the company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate).

- (ix) such other person as may be prescribed;
i.e., a director, other than an independent director or key managerial personnel of the holding company or his relative with reference to the company is deemed to be a related party.

(B) A person / an entity shall be considered as related to the Company if such person / entity is a related party under the applicable accounting standards.

“Relative”, with reference to any person, means any one who is related to another, if—

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-
 - 1 Father (includes step-father).
 - 2 Mother (includes the step-mother).
 - 3 Son (includes the step-son).
 - 4 Son’s wife.
 - 5 Daughter.
 - 6 Daughter’s husband.
 - 7 Brother (includes the step-brother)
 - 8 Sister (includes the step-sister).

“Related party transaction” means a transaction involving a transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or

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- (ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries;

regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract, including:

- (a) sale, purchase or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company:

"Subsidiary" shall mean a subsidiary as defined under the Companies Act, 2013.

"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, the Regulations or any other applicable law.

IDENTIFICATION OF RELATED PARTY TRANSACTIONS

Every Director and Key Managerial Personnel shall provide a written notice containing the necessary details of related parties covered in the definition of related party and relatives to the Company Secretary upon their appointment. Also, Every Director and Key Managerial Personnel shall promptly provide a written notice to the Company Secretary if there has been a change in the information previously provided on the list of Related Parties of the Company.

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.

The Chief Financial Officer and the Managing Director are jointly responsible in identifying the potential related party transactions and provide necessary information in advance to the Company Secretary for initiating the process to obtain the necessary approvals of the Audit Committee / Board / Shareholders. Any proposed modification(s) in the Related Party Transactions already entered into shall be intimated by the Chief Financial Officer / the Managing Director to the company secretary, which shall be placed before the Audit Committee / Board Meeting for its approval in accordance with this Policy. Further, the Chief Financial Officer and the Managing Director are responsible for providing additional information about the transaction that the Audit Committee / Board may request, for being placed before the Audit Committee / Board.

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DEALING WITH RELATED PARTY TRANSACTIONS:

The Board shall fulfill the function of monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.

Company shall comply with applicable provisions of the Companies Act, 2013, Rules made thereunder, the Regulations and other applicable law in force from time to time in dealing with the Related Party Transactions.

Exempted Transactions:

The requirement of seeking approval of the Audit Committee or Board or the Shareholders shall not apply in respect of exempted transactions as specified under section 188 of the Companies Act, 2013 and read along with the rules made thereunder, the Regulations, and any other applicable laws.

APPROVAL PROCESS:

(A) Audit Committee:

All Related Party Transactions shall require prior approval of the Audit Committee. Accordingly, all proposed Related Party Transactions must be reported to the Audit Committee for prior approval by the Committee.

After considering (i) whether the related party transaction(s) are in the ordinary course of Company's business and are on arm's length basis or not, (ii) other terms and conditions of a transaction, and (iii) applicable regulatory requirements, the Audit Committee will have the discretion to approve / modify / recommend / refer the proposed related party transaction(s) for the approval of Board of Directors or / and Shareholders (as applicable).

All related party transactions and subsequent material modifications shall require prior approval of the audit committee in the manner specified in the Act and/or the Regulations:

Only those members of the audit committee, who are independent directors, shall approve related party transactions.

A related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten per cent) of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

In the event such transaction(s), contract(s) or arrangement(s) is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act, 2013, the Rules framed thereunder, and the Regulations and obtain approval of the Board or its shareholders, as applicable, for such contract(s) or arrangement(s).

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy and the applicable law. When any related party transaction is entered without necessary approvals, the concerned director, key managerial personnel, related party shall promptly notify the matter in writing to the Company Secretary or the Managing Director for placing the item before the Audit Committee / Board (as applicable). The Audit Committee / the Board shall take necessary steps for ratifying it / terminating it.

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Omnibus approval:

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b. The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the company;
- c. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transactions that can be entered into, (ii) 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;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 (one) crore per transaction.

- d. 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.

(B) Board:

The consent of the Board of Directors is required by a resolution at a meeting of the Board for entering into any contract or arrangement with a related party with respect to the transactions defined in the related party transaction.

Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting when such proposal considered by the Audit Committee / Board meeting. Such director shall abstain from any discussion and abstain from voting at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

Where any contract or arrangement is entered into by a Director or any other employee, without obtaining the consent of the Board or the shareholders (as applicable) and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any Director, or is authorised by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by it.

(C) Shareholders:

Transactions not in ordinary course of business or not at arm's length:

All Related Party Transactions, whose value is in excess of the limits prescribed under the Companies Act, 2013, which are not in the Ordinary Course of Business or not at Arms' Length shall also require the prior approval of the shareholders through resolution and no member of the company shall vote on such special resolution, if such member is a related party.

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Material Related Party Transaction:

All material related party transactions and subsequent material modifications as defined by the audit committee shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not:

Provided that the requirements specified above shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

DISCLOSURE:

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website. The Company shall make such disclosures to the stock exchanges every six months on the date of publication of its standalone and consolidated financial results.

The company will make disclosures, as may be applicable, in compliance with the Accounting Standard, the Act, the Rules and the Regulations on "Related Party Disclosures" in its Financial Statements, Directors Report, Annual Report, etc.

The policy shall be disclosed on the company's website (www.sspdl.com) and a web link thereto shall be provided in the Annual Report of the Company.

POLICY REVIEW, ETC.:

The Board of Directors of the Company shall review this policy at least once every three years and update it accordingly. Further, the Board of Directors may subject to applicable laws is entitled to review, amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict between the provisions of this policy and of the applicable law dealing with the related party transactions, such applicable law in force from time to time shall prevail over this policy.
