

SP REFRACTORIES LIMITED
POLICY ON RELATED PARTY TRANSCATIONS

INTRODUCTION

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Approval of related party transactions is prescribed under the Companies Act, 2013 (“Act”) read with the Companies (Meetings of Boards and its Powers Rules) Rules.

In light of the above, **SP REFRACTORIES LIMITED** (“the Company”) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

OBJECTIVES

The objective of this Policy is to set out the Materiality threshold for Related Party Transactions and manner of dealing with the transactions between the Company and its related parties based on the Act, Regulations, and any other laws and regulations as may be applicable to the Company.

DEFINITIONS

“**Related Party**”, means a person or entity that is related to the Company. Parties are related if one party has the ability to control the other party or exercise significant influence over the other party directly or in directly in making the financial and/ or operating decisions and includes:

- 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 is a Member or Director;
- v. a Public Company in which a Director or Manager is a Director or holds along with his relatives, more than two percent of its paid-up share capital;
- vi. Anybody 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;

viii. any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party

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

x. any company which is—

a) a holding, subsidiary or an associate company of the Company; or

b) a subsidiary of a holding company to which the Company is also a subsidiary;

Such other persons as may be prescribed under the Companies Act, 2013 or as defined under the applicable accounting standards.

“Related Party Transaction” (RPT) means –

- for the purpose of the Act, specified transaction mentioned in clause (a) to (g) of sub-section 1 of Section 188;
- for the purpose Regulation, means a transfer of resources, services or obligations between a listed entity and a related party, 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:

“Material Related Party Transaction(s)”:

A transaction with a related party shall be considered to be material as per the Accounting Standard 18.

“Arm’s length transaction (‘ALP’)” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

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

“Senior Management Personnel” for the purpose of this Policy means the CMD/Chief Executive Officer of the Company and his/her direct repartees and members as defined pursuant to Section 178 of the Companies Act 2013 and Regulation 16 of SEBI Listing Obligation and Disclosure Requirement (LODR) Regulations 2013 including amendments thereof

“Significant Influence” is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. Significant influence may be gained by share ownership, statute or agreement

PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS:

Approval of the Audit Committee

The Company shall not enter into any contract or arrangement with a Related Party without the approval of the Audit Committee. Prior approval of the Audit Committee shall be obtained for all Related Party Transactions.

Omnibus approval

The Audit Committee may, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that are repetitive in nature, 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 listed entity 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 listed entity;

(c) the omnibus approval shall specify:

- i. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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, 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 listed entity 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.

Review of approvals

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 approval given.

Assessment for approval

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review such documents and seek such information as it deems necessary from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not.

Approval of Board of Directors or of shareholders the Company

In the event any contract or arrangement with a related party 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 and the Rules framed there under and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement. All material related party transactions, other than those with exempted Wholly Owned Subsidiaries will be placed for approval of the shareholders of the Company. A transaction with a related party is considered material if the transaction / transactions to be entered into, either individually or taken together with previous transactions with such related party during a financial year, exceeds ten percent of the annual consolidated turnover as per the last audited financial statements of the Company.

DISCLOSURES

The Company 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.

REVIEW

The Audit Committee will review the Policy annually, which will include an assessment of the effectiveness of the Policy. The Audit Committee will discuss any revisions that may be required and recommend any such revisions to the Board for approval.

AMENDMENTS AND UPDATES

The Audit Committee periodically shall review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate. In addition to guidelines for ongoing Related Party Transactions, the Audit Committee may, as it deems appropriate and reasonable, establish from time to time guidelines regarding the review of other Related Party Transactions. The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. The policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

INTERPRETATION

Any words used in this Policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made there under, SEBI Act or Rules and Regulations made there under, SEBI LODR, Accounting Standards or any other relevant legislation/law applicable to the Company. This Policy is framed based on the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 188 of Companies Act, 2013 read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014. In case of any subsequent changes in the provisions of the aforementioned statutes, the statutes would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law. Any subsequent amendment/modification in SEBI LODR, Act and/or applicable laws in this regard shall automatically apply to this Policy. This Policy shall be reviewed by the Audit Committee periodically and/or if any changes are to be incorporated in the Policy due to change in regulations as may be deemed appropriate by the Audit Committee.

