

## **SUPRA PACIFIC MANAGEMENT CONSULTANCY LIMITED**

### **Policy on materiality of and dealing with Related Party Transactions**

#### **APPLICABILITY**

This Policy shall be applicable to Related Party Transactions between Supra Pacific Management Consultancy Limited and its Related Parties.

#### **DEFINITIONS**

- a) **"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.
- b) **"Board of Directors"** or **"Board"** means the collective body of the Directors of the Company.
- c) **"Company"** means **Supra Pacific Consultancy Services Limited**
- d) **"Material Modifications"** means any modification or amendment to the related party agreement / transaction which is likely to result in a 20% upward or downward revision in the original contractual value of the related party agreement / transaction approved by the Audit Committee.
- e) **"Material Related Party Transactions"**: a transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual turnover or twenty percent of the net worth of the company as per the last audited financial statements of the company, whichever is higher

Further, 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 company as per the latest available consolidated annual audited financial statements of the company.

- f) **"Policy"** means Related Party Transactions Policy of the Company.
- g) **"Related Party"** means a person or an entity:
  - A. which is a related party under Section 2 (76) of the Companies Act, 2013;  
or
  - B. which is a related party under the applicable accounting standards;
  - C. belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity.
- A. As per Section 2 (76) of the Companies Act 2013 and rules made thereunder, Related Party, with reference to a company, has been defined as-
  - (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 percent 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) a investing company or the venture of the Company

Explanation: Investing Company or the venture 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.

**B. Related Parties under the applicable *Indian Accounting Standard (IND AS) 24* are as follows:**

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
  - (i) has control or joint control of the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
  - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

## **APPROVAL OF RELATED PARTY TRANSACTIONS**

### **Audit Committee**

All Related Party Transactions (including any subsequent modification) shall need to have prior approval of the Audit Committee.

The Audit Committee may, after satisfying itself the need for omnibus approval and that such approval is in the interest of the company, grant omnibus approval for Related Party Transactions which are repetitive in nature, in ordinary course of business and on arm's length basis.

The omnibus approval shall be valid for a period not exceeding one year from the date of approval and shall require fresh approval after the expiry of said one year.

The approval shall specify the following:

- a) Name(s) of the related party and its relationship with the company;
- b) Type, material terms and particulars of the proposed transaction;
- c) Nature of transaction;
- d) Tenure of the proposed transaction (particular tenure shall be specified);
- e) Value of the proposed transaction;
- f) The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year;
- g) A copy of the valuation or other external party report, if any such report has been relied upon;
- h) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- i) Justification as to why the RPT is in the interest of the listed entity;
- j) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the company.
  - a. details of the source of funds in connection with the proposed transaction;
  - b. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances investments,
    - i. nature of indebtedness;
    - ii. cost of funds; and
    - iii. tenure;

applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and the purpose for which the funds will be utilized by the company.

- k) Any other condition as the Audit Committee may deem fit.

Provided that where the need for the Related Party Transactions cannot be foreseen and complete details as at a) to e) above are not available, the Audit Committee may grant omnibus approval for such transaction subject to their value not exceeding ₹1 crore per transaction.

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.

In case of a transaction, other than transaction referred to in Section 188, and where the Audit Committee does not approve the transaction, it shall make its recommendations to the Board.

### **Board of Directors**

- (a) All Related Party Transactions except Related Party Transactions in the ordinary course of business and at arm's length basis shall be submitted for the approval of the Board of Directors.
- (b) All transaction, other than transaction referred to in Section 188, and where the Audit Committee does not approve the transaction, it shall make its recommendations to the Board.
- (c) Related Party Transactions, requiring the approval of the shareholders, shall be submitted for consideration of the shareholders.

### **Shareholders**

All the transactions with related parties meeting the materiality thresholds, laid down in the Policy, shall require prior approval of the Shareholders of the Company by way of a resolution passed at the general meeting of the Company; and no related party shall vote to approve such resolutions whether the entity is a party to the particular transaction or not.

All Related Party Transactions which are not in the ordinary course of business or not at arm's length and which are in excess of the limits prescribed under the Act requiring the approval of shareholders, shall require an approval of the Shareholders by way of a resolution passed at the general meeting of the Company; and in such cases, the Related Party/(ies) to the transaction shall abstain from voting on such resolution

However, approval of shareholders shall not be required if the transaction is entered into between:

- i) a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for

approval.

ii) two government companies;

The explanatory statement to be annexed to the notice of a general meeting seeking approval of RPT from shareholders shall contain the following particulars namely:-

- (a) name of the related party ;
- (b) name of the director or key managerial personnel who is related, if any;
- (c) nature of relationship;
- (d) nature, material terms, monetary value and particulars of the contract or arrangement;
- (e) any other information relevant or important for the members to take a decision on the proposed resolution.

All entities falling under the definition of related parties shall not vote to approve relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

## **DISCLOSURES**

The concerned units shall on a quarterly basis, prepare a summary of all related party transactions entered into during the quarter and submit the same, along with the copy of requisite approvals obtained, to Company Secretary within 7 days from the close of each quarter.

All disclosures pertaining to Related Party Transactions required under the Act and Listing Regulations shall be made accordingly.

Details of the RPTs during the quarter shall be disclosed in the Audit Committee and Board meeting.

Board's Report shall contain details of RPTs as required under applicable law.

This Policy shall be communicated to all concerned employees and other persons of the Company at all locations for implementation and reporting.

## **LIMITATION**

In the event of any conflict between the provisions of this Policy and of the Listing Regulations/Companies Act, 2013 or any other statutory enactments, rules, then, the provisions of the Companies Act, 2013 and Rules made thereunder/ Listing Regulations or other statutory enactments, rules, as the case may be, shall prevail over this Policy and shall be adhered to accordingly by all concerned.

## **POLICY REVIEW**

This policy may be reviewed by the Board of Directors at least once in every three years and updated due to change in regulations, if any or as may be felt appropriate.

## **GENERAL**

The Company shall keep and maintain a register, maintained physically or electronically, as may be decided by the Board of Directors, and enter therein the particulars of applicable related party transactions and such register is placed / taken note of before the meeting of the Board of Directors.

The Policy would be subject to revision/amendment in accordance with the Laws. The Audit Committee shall review the Policy at-least once in three years for making suitable amendments for better implementation of the Policy.

The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

The power to interpret and administer the Policy shall rest with the Chairman of the Audit Committee whose decision shall be final and binding. The Chairman is also empowered to make any supplementary rules/orders to ensure effective implementation of the Policy. These will, however, be reported to or tabled before the Audit Committee, from time to time, to ensure the Committee's oversight on these issues.

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