

SPML INDIA LIMITED

POLICY ON RELATED PARTY TRANSACTION(S)&PROCEDURE

INTRODUCTION

SPML India Limited (the "Company" or "SPML India") recognizes that Related Party Transactions (as defined below) can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its stakeholders' best interests. Therefore, this Policy regarding the review and approval of Related Party Transactions has been adopted by the Company's Board of Directors ("Board") in order to set forth the procedures under which certain transactions must be reviewed and approved or ratified by the Audit Committee / Board of Directors / shareholders as per the provisions of Companies Act, 2013 ("Companies Act") and the Listing Agreement / Listing Regulations executed with the Stock Exchanges as may be amended from time to time.

I. DEFINITIONS

For the purposes of this Policy, the following definitions apply:

"Act" means the Companies Act, 2013 including any amendment or modification thereof;

"Arm's length transaction" shall mean 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 the Committee of the Board formed under section 177 of the Act and regulation 18 of listing regulations;

"Directors" shall mean the board of directors of the Company;

"Listing Regulations" shall mean the Listing agreement with the Stock Exchanges and upon its expiry shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with any amendments, circulars, notifications released thereunder

"Key Managerial Personnel" shall mean "Key Managerial Personnel" shall mean the officers of the Company as defined in Section 2(51) of the Companies Act, 2013 and rules made thereunder.

"Material Related Party Transactions" shall mean 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, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such other limits as may be prescribed under the listing;

"Designated Officer(s)" shall mean the Chief Financial Officer or in his absence the Company Secretary of the Company;

"Dealing Officer(s)" shall mean the concerned officer of the Company who deals with a Related Party on behalf of the Company;

"Pre-Approved Transactions" shall have the same meaning ascribed to such term in Para III of this Policy;

"Policy" shall mean this Related Party Transaction Policy;

"Related Party" shall have the same meaning ascribed to such term under Section 2(76) of the Companies Act and regulation 23 listing regulations, as amended from time to time.

"Related Party Transaction" shall have the same meaning as ascribed to such term under the Listing Regulations, including such transactions listed in Section 188(1)(a)-(g) of the Companies Act and any subsequent modifications made thereto.

II. PROCEDURES

(a) Each of the Directors of the Company shall provide to the Company Secretary of the Company a list of the Related Parties at the commencement of every financial year, and shall promptly notify to the Company Secretary about any changes during the financial year.

(b) Prior to entering into any transaction with Related Party, the Dealing Officer shall promptly notify the details of the proposed transaction to the Designated Officer(s). The Designated Officer(s) upon being notified about the proposed transaction with a Related Party shall analyse such transaction in consultation and with outside consultant if required, to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction, requiring compliance with this Policy.

(c) Once identified as a Related Party Transaction by the Designated Officer(s), all such Related Party Transactions shall be reported promptly to the Audit Committee by the Designated Officer(s), or in the event that the Officer has an interest in the Related Party Transaction, the transaction shall be reported to the Audit Committee by the Company Secretary of the Company.

(d) The Audit Committee shall be provided with all material facts of all new, existing or proposed Related Party Transactions, including modifications proposed to existing Related Party Transactions. The Audit Committee will thereafter determine whether:

- i. to approve the Related Party Transaction; or
- ii. to approve the Related Party Transaction and refer the Related Party Transaction to the Board for its consideration and approval as may be required under the Companies Act or Listing Agreement / Regulations, or
- iii. whether such transaction shall be deemed preapproved by the Audit Committee and Board as described below in Para III of this Policy ("Pre-Approved Transactions"); or
- iv. to disapprove the Related Party Transaction.

(e) Upon such determination as described in sub-clause (d) above, the Audit Committee shall follow the procedure prescribed below:

- A. If the Audit Committee approves the Related Party Transaction(s), it shall, refer the Related Party Transaction(s) requiring approval of the Board under this Policy or under the Companies Act or any other applicable provisions of law, to the Board.
- B. If the Audit Committee determines the Related Party Transaction(s) to be a Pre- Approved Transaction, it shall provide the Board with a written report containing the details of such Related Party Transaction(s) for information of the Board.
- C. If the Audit Committee disapproves a Related Party Transaction(s), it shall notify the same to the Designated Officer(s), indicating the reasons for disapproving such Related Party Transaction(s).

(f) In assessing a Related Party Transaction, the Audit Committee/ Board shall consider such factors as it deems appropriate, including without limitation:

- A. Whether such transaction is factually in the ordinary course of business.
- B. The business reasons for the Company to enter into the Related Party Transaction;
- C. The approximate value of the transaction;
- D. The general description of the transaction, including the material terms and commercial reasonableness of the terms of the Related Party Transaction;
- E. Whether the terms and conditions of the Related Party Transactions are on an Arm's length basis.
- F. Whether the terms of the Related Party Transaction are fair to the Company and on the same basis as would apply if the transaction did not involve a Related Party;
- G. The materiality of the Related Party Transaction to the Company;
- H. The extent of the Related Party's interest in the Related Party Transaction;
- I. The actual or apparent conflict of interest of the Related Party participating in the Related Party Transaction; and

(g) Shareholder's approval for Related Party Transactions

All Material Related Party Transactions can be entered into only after obtaining the prior approval of the Company's shareholders by way of an ordinary resolution, irrespective of whether such Related Party Transactions have been entered into in the ordinary course of business of the Company or otherwise, and the Related Parties shall abstain from voting on such resolution.

All contracts or arrangements with Related Parties, other than those entered into on an Arm's Length Basis or in the ordinary course of business shall require the approval of the shareholders of the Company by way of an ordinary resolution if the conditions and thresholds prescribed in the Companies Act or the Companies (Meetings of Board and its Powers) Rules), 2014 are satisfied.

(h) In the event that the Designated Officer(s) becomes aware of a Related Party Transaction that was not previously approved or ratified under this Policy, the Officer shall promptly notify the Audit Committee, and the Audit Committee, if required under this Policy, shall refer such transaction to the Board and the Audit Committee / Board will consider whether the Related Party Transaction should be ratified or rescinded.

The Board / Audit Committee shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances.

(i) Subject to the provisions of the Companies Act, 2013, a Related Party Transaction may be approved by the majority of the directors, at a meeting of the Audit Committee / Board.

(j) No director who is a Related Party shall participate in the evaluation or approval of any Related Party Transaction for which he or she is a Related Party, except that the director shall provide all material information concerning the Related Party Transaction to the Audit Committee / Board. Provided, however, where a director is interested (directly or indirectly) in a contract or arrangement such that, such Related Party Transaction is with: (a) a body corporate in which such director or such director in association with any other director, holds more than 2% (two percent) of its paid-up capital, or is a promoter, manager, Chief Executive Officer of that body corporate; or (b) with a firm or other entity in which, such director is a partner, owner or member; such director shall not be entitled to participate in the evaluation or approval of such Related Party Transaction, or participate in any discussions thereto.

(k) If a Related Party Transaction(s) will be ongoing transaction(s), the Board may, in its discretion, authorise the Company's Managing Director to follow in its ongoing dealings with the Related Party. Thereafter, the Board shall periodically review and assess ongoing relationships with the Related Party to see that they are in compliance with this Policy.

(l) A Related Party Transaction entered into without approval shall not be deemed to violate this policy, or be invalid or unenforceable, so long as the transaction is brought to the notice of the Audit Committee / Board as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this Policy.

III. PRE-APPROVED TRANSACTIONS

(a) In case of frequent / regular / repetitive Related Party Transactions which are in the ordinary course of business of the Company, the Audit Committee may establish guidelines for granting the omnibus approval in line with the Policy on Related Party Transactions of the Company and provisions of Companies Act, 2013 and Listing Regulations.

(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 specify:

- A. the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
- B. the indicative base price / current contracted price and the formula for variation in the price if any and
- C. 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 Transaction(s) subject to their value not exceeding Rs. 10,000,000 (Rupees One Crore) per transaction.

(d) Thereafter, 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.

(e) The omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

(f) In addition, the Audit Committee/ the Board may review any Related Party Transactions involving independent directors as part of the annual determination of their independence.

(g) Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

IV. DISCLOSURE

All Related Party Transactions shall be disclosed to such persons and governmental and / or regulatory authorities, in the manner prescribed, if required, under the Companies Act / Listing Agreement with the Stock Exchanges.

Provided, further, the Company is also required to disclose this Policy on its website and also in the annual report of the Company.

V. REVIEW OF THE POLICY

The Audit Committee and the Board shall review the Related Party Transaction Policy & Procedure from time to time based on the changing needs and make suitable modifications as may be necessary. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

This Policy on Related Party Transaction(s) & Procedure has been adopted by the Board of Directors of the Company at its meeting held on 14th February 2015.
