



**SUPREME PETROCHEM LTD**

**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND  
ON DEALING WITH RELATED PARTY TRANSACTIONS**

**(Operative w.e.f. 18<sup>th</sup> March, 2025)**



## **POLICY ON THE MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS**

This revised policy is formulated to regulate related party transactions in terms of the provisions of Regulation 23(1) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, (“Listing Regulations”) as may be amended from time to time and has been approved by the Board of Directors of company on 18<sup>th</sup> March, 2025 in lieu of the earlier policy dated April 27, 2022.

### **Materiality of related party transactions (Materiality Threshold Limit)**

Contracts/arrangements/transactions entered into with a related party including any transaction already taken place with such related party during a financial year exceeding Rs. 1000 Crore (Rupees One Thousand Crore only) or 10% of the annual consolidated turnover of the Company as per its latest Audited Financial Statement, whichever is lower, or as may be defined from time to time under the provisions of Listing Regulations and/or Section 188 of the Companies Act, 2013 and rules thereto shall be considered as material related party transactions.

### **Material Modification**

This shall mean an amendment to the terms of the transactions/arrangement/contracts with related party, the effect of which will be an increase of 20% or more of the aforesaid materiality threshold limit determined for related party transaction(s).

### **Related Party Transaction**

This means a transaction involving a transfer of resources, services or obligations between the Related Parties 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 taken place during a financial year in a contract with such related party.

### **Policy**

All transactions with related parties are subject to the provisions of this policy.

- 1) An entity shall be considered as related to the Company if :
  - (i) such entity is a related party under section 2(76) of the Companies Act, 2013; or



- (ii) such entity is a related party under the Accounting Standards as may be applicable to the Company; or
  - (iii) such entity is a part of Promoter or Promoter Group of the Company or holds 10% or more shares of the Company (except for the units issued by mutual fund listed on recognised Stock Exchange) or as may be defined from time to time under the provisions of Regulation 2(1) (zb) of Listing Regulations.
- 2) All transactions with related parties require prior approval of Audit Committee pursuant to the Regulation 23(2) of Listing Regulations and will be on commercial terms, on an arm's length basis in the ordinary course of business and comparable with similar transactions with other non-related parties, wherever possible. However, total value of such related party transaction(s) with a related party shall not exceed the materiality threshold limit as mentioned hereinabove. Further while placing any proposal of related party transactions, before the Audit Committee for seeking their approval and making recommendations to the Board, wherever applicable, the disclosures in terms of "Industry Standards" as mandated by SEBI vide its master circular dated November 11, 2024 and circular no. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/18 dated February 14, 2025, should be duly placed before them for their requisite perusal/consideration of the proposed transaction(s).
- 3) All related Party Transaction(s) and subsequent material modification(s) thereto shall require prior approval of the Audit Committee of the Company. The Members of the Audit Committee who are Independent Directors may ratify related party transaction(s) within 3 (three) months from the date of transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, provided the transaction being ratified is not in the nature of material related party transaction and the value of such transaction(s) with a related party does not exceed Rupees One Crore over a financial year and a rationale for inability of Company to seek prior approval of the Audit Committee for such transaction(s) is duly placed before the Audit Committee.



Provided further that failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee and if the transaction is with a Director, being a related party or if such transaction is authorized by any Director, the Director concerned shall indemnify the Company against any loss incurred by it for such transaction.

Remuneration and sitting fees paid by the Company to its Directors, Key Managerial Personnel or Senior Management, except who is part of Promoter or Promoter Group, shall not require approval of the Audit Committee provided the same is not material as per materiality threshold limit stated hereinabove.

- 4) All material related party transactions which exceeds the materiality threshold limit as aforesaid, and any subsequent material modifications of the related party transactions shall require prior approval of shareholders and no related party shall vote to approve such resolutions whether the Company is a related party to the particular transaction or not.
- 5) Audit Committee will monitor transactions with related parties to ensure that it does not exceed overall ceiling as fixed/approved by the members of company from time to time and/or its omnibus approval accorded from time to time for dealing with the related parties and that the transactions are executed on a commercial basis- in the ordinary course of business and on an arm's length basis.
- 6) The omnibus approval for related party transaction(s), if any, accorded by the Audit Committee, shall be valid for one financial year and will require fresh approval after expiry of every financial year and such transaction(s) will be reviewed by the Audit Committee on quarterly basis.
- 7) The Audit Committee while granting omnibus approval for Related Party Transactions (RPTs) shall take following factors into consideration:
  - i) The proposed RPTs should be repetitive in nature and in the overall interest of the Company.
  - ii) Name(s) of Related Party, nature of transaction, period of transaction, maximum amount of transaction should be available in proposal provided where the related party transaction cannot be foreseen and these details are not available, Audit Committee may grant omnibus approval for such transactions also subject to their value not exceeding Rupees One Crore per transaction.
  - iii) Transaction should be on an arm's length basis and in ordinary course of business.
  - iv) Transactions pricing system should be comparable with other likewise non-related party transaction(s) of the Company, wherever possible.



- v) Other criteria for granting omnibus approval for related party transaction(s) as Audit Committee may deem fit or as may be provided under respective listing regulations.
- 8) The Company will make disclosure(s) of the Related Party Transactions to Stock Exchanges and in its Board Report suitably and/or as per the applicable rules in terms of Companies Act, 2013 and Listing Regulations, as may be amended from time to time.
- 9) This Policy is subject to any Change/modification as may be notified from time to time with respect to the provisions of Regulation 23 of the Listing Regulations and Section 188 of the Companies Act, 2013 and rules thereto.

**For SUPREME PETROCHEM LTD**

**Sd/-**

**(Director)**

**Sd/-**

**(Director)**