



Policy on Related Party Transaction

1. Preamble

The Board of Directors (the “Board”) of SUPERIOR FINLEASE LIMITED (the “Company”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time.

The Company recognizes that Related Party Transactions (as defined below) can present a risk of actual or potential conflict of interest and may raise questions about whether such transactions are consistent with the Company’s and its stakeholders' best interests.

This policy will be applicable to the Company. This policy is to regulate transactions between the Company and all its Related Parties based on the applicable laws and regulations applicable to the Company.

Purpose

Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (herein referred to as the “SEBI Listing Regulations”) mandates formulation of a Policy on Materiality of transactions with Related Parties and dealing with Related Party Transactions. As part of its corporate governance practices, the Board of the Company has adopted this Policy with regard to Related Party Transactions.

This policy is framed as per the Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 under the Listing Agreement entered by the Company with the Stock Exchanges and is intended to ensure for proper approval and reporting of transactions between the Company and its Related Parties.

The transactions with related parties shall be entered into only if they are in the best interest of the Company and its shareholders. The Companies Act, 2013 requires that Report of the Board of Directors of the Company shall contain all the particulars of the contracts or arrangements with related parties. Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the Listing Agreement requires the Company to disclose the policy on dealing with Related Party Transactions on the website of the Company and a web-link to be provided in the Annual Report.

2. Definitions

“Audit Committee or Committee” means Committee of Board of Directors of the Company

“Board” means Board of Directors of the Company

“Key Managerial Personnel” or “KMP”, as provided in section 2(51) of the Act, in relation to the Company are:

- (i) Chairman & Managing Director,
- (ii) Whole Time Director
- (iii) Chief Financial Officer; and
- (iv) Company Secretary

“Material Related Party Transaction” is pursuance of :

(a) Section 188(1) of the Act read with the Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, means:

S. NO	Transactions or contract or arrangement	Threshold Limit
1.	Sale, purchases or supply of any goods or materials, directly or through appointment of agent	10% or more of turnover of the Company
2.	Selling or otherwise disposing of, or buying property of any kind, directly or through appointment of agent	10% or more of net worth of the Company
3.	Leasing of property of any kind	10% or more of Turnover of the Company

Explanation(s):

- i. The limits specified in clause (i) to (iv) above shall apply for the transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
- ii. The Turnover or Net worth shall be computed on the basis of the Audited Financial Statements of the preceding financial year.

“Policy” means Related Party Transaction Policy.

Office or place of profit” means any office or place:

- (i) where such office or place is held by a director, if the director holding it, receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- (ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it, receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent free accommodation, or otherwise.

“Related Party” means related party as defined under Section 2(76) of the Companies Act, 2013 which includes :

- a director or his relative ;
- a key managerial personnel or his relative ;
- a firm, in which a director, manager or his relative is a partner ;
- a private company in which a director or manager is a member or director ;
- 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 ;
- 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 ;
- any person under 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;

- any company which is –
a holding, subsidiary or an associate company of such company ; or a subsidiary of a holding company to which it is also a subsidiary ;
- Director or key managerial personnel of the holding company or his relative with reference to a Company such entity is a related party under the applicable Accounting standards

“Related Party Transaction” means any transaction directly or indirectly involving any Related Party and includes transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

“Relative” means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if

- They are members of a Hindu undivided family ; They are husband and wife; or
- Father (including step-father)
- Mother (including step-mother)
- Son (including step-son)
- Son’s wife
- Daughter
- Daughter’s husband
- Brother (including step-brother)
- Sister (including step-sister)

Policy

All Related Party Transactions must be reported to the Audit Committee and referred for approval to the Committee in accordance with this Policy.

All Related Party Transactions shall be placed before the Board for information. The approval of the Board and shareholders will be taken for all related party transactions, wherever required, under the provisions of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the Listing Agreement as amended from time to time.

4.1 Identification of Potential Related Party Transactions:

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 or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. The Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Finance Department shall ensure that no related party transactions are processed without the approval of the Audit Committee and it shall be duty of the Finance Department to communicate all related party transactions in advance to the Company Secretary to enable to take requisite approvals.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

4.2 Prohibitions related to Related Party Transactions

All Related Party Transactions shall require prior approval of Audit Committee. Audit Committee may also grant approval by circular resolution. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.

The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;

The omnibus approval shall specify the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, the indicative

base price / current contracted price and the formula for variation in the price if any and 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 Rs.1 crore per transaction.

Audit Committee shall review, on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.

Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

The Board shall approve such Related Party Transactions as are required to be approved under Companies Act, 2013 and /or listing agreement and /or transactions referred to it by the Audit Committee.

All Material Related Party Transactions shall require approval of shareholders of the Company through special resolution (unless it is exempted pursuant to the provisions of listing agreement) and the Related Parties shall abstain from voting on such resolution(s).

All Related Party Transactions (other than Material Related Party Transactions) pursuant to section 188 of the Companies Act, 2013 which are not in the ordinary course of business or not an Arms' length transaction and cross the threshold limits prescribed under Companies Act, 2013 shall also require the approval of shareholders of the Company through special resolution and the Related Parties shall abstain from voting on such resolution(s).

The approval mechanism for Related Party Transactions shall be as stipulated in the provisions of listing agreement and/or Companies Act, 2013 and as amended from time to time.

Ascertainment of RPTs on Arm's Length Basis

The Audit Committee shall examine the documents / information with regard to the RPT before forming an opinion / arriving at a conclusion that the concerned transaction is on Arm's Length Basis. In particular, any or all of the following may be examined:

- (a) Whether the purported transaction between two related parties pursuant to an agreement / memorandum of understanding is in accordance with the directives/approval of the Government, if applicable
- (b) Whether the terms of the transaction are in the ordinary course of business
- (c) How the consideration price has been arrived?
- (d) Whether it is comparable with internal and external industry benchmarks.
- (e) Any other relevant documents / information which supports the contention that the transaction is on arm's length basis.

4.3 Review and Approval of Related Party Transactions

The Related Party Transactions under omnibus approval granted by audit Committee will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will excuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the terms of the Contract, the benefits to the Company and to the Related Party, and any other relevant matters.

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and the terms would apply on the same basis if the transaction did not involve a Related Party;

Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;

Whether the Related Party Transaction would affect the independence of an independent director;

Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;

Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Managing Director/Wholetime Director or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee.

Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

Any transaction that involves reimbursement of expenses between the related parties through debit note/credit note at actuals without any markup except for taxes that may be levied as per statutory requirements.

Transactions entered into between a holding company and its wholly owned subsidiary company whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

Related Party Transactions not approved under this Policy

In the event the company becomes aware of a Related Party Transaction which has not been approved under this Policy, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification termination; revision or the matter shall be reviewed by Audit Committee. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related Party Transaction to the Committee under this Policy, and shall take such action deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

Amendments:

1. The Board of the Company shall review the Policy including clear threshold limits provided in the policy, and amend/ update accordingly. The Board of Directors on recommendation of the Audit Committee shall review the policy at least once in every three years. However, the Board of Directors reserves its right to amend or modify the policy in whole or in part, at any time without assigning any reason whatsoever.
2. The Audit committee will review the Policy from time to time based on the related party transactions and make suitable modifications, as may be necessary. The Audit Committee shall have the sole powers and take necessary action in case of any difficulty in implementing this policy.
3. This Policy shall stand amended in terms of the Act including the Companies (Meetings of Board and its Powers) Rules, 2014, SEBI Listing Regulations and applicable Accounting Standards. In the event of any conflict between this Policy and the applicable law, the applicable law shall prevail.