

# SPS FINQUEST LIMITED

## RELATED PARTY TRANSACTION POLICY

### Object

This policy is framed as per requirement of Companies Act, 2013 and SEBI (LODR) Regulations, 2015 and is intended to ensure the proper approval and reporting of transactions between the Company and any Related Party (ies). Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

The Board/ Committee will review and may amend this policy from time to time.

### Definitions:

- (1) **'Related Party'** with reference to the Company shall mean and include a related party as defined under:
  - i) Section 2(76) of the Companies Act, 2013; or
  - ii) applicable accounting standards.
  
- (2) "Related Party Transaction" (RPT) means any transaction directly or indirectly involving any Related Party, which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged and includes -
  - (a) Sale, purchases or supply of any goods or materials.
  - (b) Selling or otherwise disposing of, or buying, property of any kind,
  - (c) Leasing of property of any kind
  - (d) Availing or rendering of any services
  - (e) Appointment of any agent for purchases or sale of goods, materials, services or property.
  - (f) Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company and
  - (g) Underwriting the subscription of any securities or derivatives thereof, of the company

RPT shall be construed to include single transaction or a group of transactions in a contract.

- (3) A transaction with a Related Party shall be considered **'Material' (Material RPT)** if the transaction / transactions to be entered into individually or taken

together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- (4) Company means MODELLE WOOLLENS LIMITED.

**Arm's length principle:**

All RPTs should generally be entered into by the Company on an arm's length basis, i.e. as if the parties were unrelated, so that there is no conflict of interest.

**Prior approval of Audit Committee:**

- (1) All RPTs or any subsequent modification thereof shall require prior approval of the Audit Committee as per the applicable requirements of the Companies Act, 2013 or SEBI (LODR) Regulations as the case may be.
- (2) In case of RPTs which are repetitive in nature, the Audit Committee may grant omnibus approval.

Such omnibus approval may specify:

- i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
- ii) the indicative base price / current contracted price and the formula or variation in the price, if any; and
- iii) such other conditions as the Audit Committee may deem fit.

While granting such omnibus approvals, the Audit Committee may specify that the omnibus approval shall be valid for a period not exceeding one year or such other period as it may deem fit. Fresh approval of the Audit Committee shall be required after the expiry of the said period;

Provided that where the need for RPT 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 or such other amount as the Audit Committee may deem fit in its ordinary course of business and on an arm's length basis.

- (2) All Material RPTs shall require approval of the shareholders of the Company through special resolution. However, approval of the shareholders

of the Company shall not be required in case of Material RPTs between the Company and its wholly owned subsidiaries.

### **Prior approval of the Board of Directors**

All RPTs within the meaning of the Section 188 shall require prior consent of the Board of Directors given by way of a resolution passed at a meeting of the Board.

While giving such prior consent, the Board of Directors may specify such conditions as it may deem fit.

However, no such approval of the Board of Directors shall be required in case of RPTs entered into by the Company in its ordinary course of business and on an arm's length basis.

### **Approval of RPTs by shareholders**

- (1) All RPTs within the meaning of Section 188 of the Companies Act, 2013 exceeding threshold specified therein shall require prior approval of the shareholders of the Company through special resolution. However, no such approval of the shareholders is required in case of RPTs entered into by the Company in its ordinary course of business and on an arm's length basis.
- (2) No member of the Company shall vote on such resolution, if such member is a Related Party.

### **Disclosure requirements**

- (1) All RPTs shall be placed before Audit Committee on a quarterly basis for its review.
- (2) Details of all Material RPTs shall be disclosed to the stock exchanges quarterly along with the compliance report on corporate governance.
- (3) Disclosures in compliance with the applicable Accounting Standards on RPTs shall be made by the Company in its Annual Report.
- (4) Every RPT within the meaning of Section 188 of the Companies Act, 2013 shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

- (5) Every RPT within the meaning of Section 188 of the Companies Act,2013 shall be entered into the register required to be kept under Section 189 of the Companies Act, 2013.

This Policy has been adopted by the Board of Directors of the Company at its meeting held on 7<sup>th</sup> Feb, 2018.