

RELATED PARTY TRANSACTIONS POLICY

1. INTRODUCTION

This Policy has been framed by the Company pursuant to Section 188 of the Companies Act, 2013 read with rules 15 and 16 of Companies (Meetings of Board and its Powers) Rules, 2014 and pursuant to regulation 23 of SEBI (LODR) Regulation 2015. SEBI has amended the said Regulations, including by, the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2019 and accordingly, the Board of Directors of the Company at its meeting held on November 10, 2023 have substituted the existing policy with this Policy in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. DEFINITIONS

- (a) **“Act”** means Companies Act, 2013 including any statutory modifications or re-enactments thereof;
- (b) **“Arm’s Length Transaction”** means a transaction between two related parties that is conducted as if they were unrelated.
- (c) **“Associate”** means a Company as defined under section 2(6) of the Companies Act, 2013 and as defined by Accounting Standard (AS) 23, “Accounting for Investments in Associates in Consolidated Financial Statements”.
- (d) **“Audit Committee”** refers to the Audit Committee of the Board of Directors of the Company constituted under the provisions of the Act and the Rules framed thereunder, read with the provisions of the Regulations and as reconstituted by the Board from time to time. **“Board”** means Board of Directors of the Company.
- (e) **“Board”** means Board of Directors of the Company.
- (f) **“Body Corporate”** means an entity as defined in Section 2(11) of the Companies Act, 2013.
- (g) **“Key Managerial Personnel”** or **“KMP”** means the Key Managerial Personnel as defined under the Act.
- (h) **“Material Modification(s)”** in relation to any Related Party Transaction shall mean such changes to the price, rate or total amount approved earlier which exceeds the same by 10% in a financial year if undertaken and such modification is not inconsistent with this Policy, the Act or the Regulations.
- (i) **“Material Related Party Transaction”** means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the lower of Rupees One thousand crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, subject to the following:
 - Transaction(s) 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 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
 Provided that in case of any subsequent amendment in the applicable laws (including the Act and the Regulations, effecting any change in the above thresholds, the same shall deemed to be

applicable for the purpose of this Policy.

- (j) **“Ordinary course of business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.
- (k) **“Related Party”** means related party as defined under:
- i. Section 2(76) of the Act;
 - ii. the applicable accounting standards.
 - iii. any person or entity belonging to the promoter or promoter group of the Company or holding 20% or more of shareholding [or 10% or more (w.e.f. 01/04/2023)] of shareholding in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year shall be deemed to be a related party.
 - iv. such other person as may be notified from time to time under the Act or the Regulations.
- (l) **“Related Party Transaction(s)”** means:
- i. any transaction(s) involving transfer of resources, services or obligations between the Company or any of its subsidiaries and a related party of the Company or any of its subsidiaries, regardless of whether a price is charged.
 - ii. a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
 - iii. a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, (w.e.f April 1, 2023), regardless of whether a price is charged.
- A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract. Provided that the following shall not be a related party transaction:
- the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - payment of dividend;
 - subdivision or consolidation of securities;
 - Issuance of securities by way of a rights issue or a bonus issue; and buy-back of securities.
 - ii. any transaction(s) covered under Section 188 of the Act and the Rules framed thereunder and at present, includes the following:
 - a. Sale, purchase 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 service;
 - e. Appointment of any agent for purchase 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 associated company; and
 - g. Underwriting the subscription of any securities or derivatives thereof, of the Company.
 - iii. such other transaction(s) as may be notified from time to time under the Act or the Regulations.

- (l) **“Subsequent material modifications”** means any variation(s) on cumulative basis in the terms or value of original approved contract by Rs. 1 Crore or more than 20% of overall contract value, whichever is Higher.

Provided that change in the value of RPT on account of following shall not be considered as Material Modification:

- Change in the quantity or rate of the existing RPT due to the reasons beyond the control of the Related Parties for instance variation due to volatility in International crude/product prices or external factors resulting in fluctuating patterns of demand and supply levels for petroleum products.
 - Change due to revision / imposition of statutory levies like taxes, duties, etc.
- (k) **“Subsidiary Company”** means subsidiary company as defined in Section 2(87) of the Companies Act, 2013. Accordingly, “subsidiary company” or “subsidiary”, in relation to any other company (that is to say the holding company), means a company in which the holding company—
- (i) controls the composition of the Board of Directors; or
 - (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

3. MANNER FOR DEALING WITH RELATED PARTY TRANSACTIONS

3.1 Identification of Potential Related Party Transactions

Each Director and Key Managerial Personnel are responsible for providing notice to the Board or the Committee of any potential Related Party Transaction(s) involving him or his Relative, including any additional information about the transaction that the Board/the Committee may reasonably request.

Further, the management of the Company will be responsible to inform about the entities/companies which are related parties to the Company, based on the group structure / corporate holdings.

The Board/the Committee will determine whether the transaction constitutes a Related Party Transaction requiring compliance with this Policy.

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

3.2 Approval of Audit Committee

All Related Party Transactions shall require prior approval of the Audit Committee. [Not applicable for transaction(s) entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the Shareholders of the Company at the general meeting(s) for approval].

Post the approval of the Audit Committee, the proposal for approval of Related Party Transaction(s) shall be placed before the Board for approval.

All Material Related Party Transactions shall also require prior approval of the Shareholders of the Company through ordinary resolution and the Related Parties shall not vote to approve such resolutions, irrespective of whether they are a related party to the particular transaction or not.

The Notice and the Explanatory Statement sent to the shareholders seeking approval for proposed Related Party Transaction shall contain such information as may be prescribed under the Act and the Regulations.

The Committee will consider the following factors and information, among others, to the extent relevant to the proposed Related Party Transaction(s) while granting its approval:

- Whether the terms of the Related Party Transaction(s) are fair and on arm's length basis to the Company and 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(s) and the nature of alternative transactions, if any;
- Whether the Related Party Transaction(s) would affect the independence of an independent director;
- Whether the proposed transaction(s) 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(s) 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(s) 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, Key Managerial Personnel 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(s) and the ongoing nature of any proposed relationship and any other factors the Board/the Committee deem relevant.
- Such other information as may be prescribed under the Act and the Regulations.

3.3 Omnibus Approval

- a) The Audit Committee may grant prior omnibus approval for RPT proposed to be entered into by SRL under section 177(4)(iv) of the Act read with rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014, and regulation 23(3) of the SEBI (LODR) Regulations provided it is satisfied that there is a need to grant such approval and such approval is in the interest of SRL. It shall be taken for all transactions proposed to be undertaken during the next Financial Year, before the start of such Financial Year. Such approval may be granted by Audit Committee for the

proposed transaction after considering the following criteria's of the transaction:

- i) Repetitive in nature;
- ii) Sufficient details shall be provided to the Audit Committee such as 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.
- b) Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given. Further, such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of the financial year.
- c) In case, need for RPT cannot be foreseen at the time of Omnibus Approval for the year and the aforesaid details are not available, Audit Committee may grant omnibus approval for any transaction(s), subject to their value not exceeding Rs. One Crore per transaction. Where the audit committee does not approve the transaction, it shall make its recommendation to the Board.
- d) RPT to which subsidiary of SRL is a party but SRL is not a party, shall require prior approval of the audit committee of SRL if the value of such transaction individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover (w.e.f. April 1, 2022), as per the last audited financial statements of SRL; (or exceeds ten per cent of the annual standalone turnover of the subsidiary w.e.f. April 1, 2023).
- e) Prior approval of the audit committee of SRL shall not be required for an RPT to which its listed subsidiary is a party but SRL is not a party, if regulations 23 and 15(2) of SEBI (LODR) are applicable to such listed subsidiary.
- f) Where any transaction not exceeding Rs. One Crore, which is considered as RPT exclusively as per Companies Act, 2013, is entered into by a director or any other employee, without obtaining the approval of the Audit committee and such transaction is not ratified by the audit committee at a meeting within three months from the date of transaction, such transaction shall be voidable at the option of the audit committee if the transaction is with the related party to any director or is authorized by any other director, the director concerned shall indemnify SRL against any loss incurred by it.
- g) As per Sec 188 of Companies Act 2013, the contract or arrangement with respect to the specified transactions which are not on arm's length or in the ordinary course of business and are within the threshold limits as specified in the rules (reproduced below), shall be entered into with a related party only with the prior approval of the Board of directors.

- h) All material RPT and subsequent material modifications thereof shall require prior approval from shareholders through a resolution. Further, prior approval of shareholders would be required for the specified RPT beyond the threshold limits as specified in the rules (reproduced below), if they are not in the ordinary course of business or are not on arm's length basis.

Contracts or arrangements with respect to	Threshold Limit
Sale, purchase or supply of any goods or materials directly or through appointment of agents*	≥ 10% of Turnover ^
Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents *	≥10% of Net Worth ^
Leasing of property of any kind *	≥ 10% of Turnover ^
Availing or rendering of any services directly or through appointment of agents *	≥ 10% of Turnover ^
Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company	monthly remuneration > Rs. 2.5 Lakh
remuneration for underwriting the subscription of any securities or derivatives thereof, of the company *	> 1% of Net Worth ^

* The limits shall apply for these transaction(s) to be entered into either individually or taken together with the previous transactions during the financial year.

^ The turnover or Net Worth referred in above shall be computed on the basis of Audited Financial Statements of the preceding financial year.

- i) Any member of the corporation who as on the date of passing resolution is a related party shall not be allowed to vote on such resolution to approve any contract or arrangement which may be entered into by the corporation.
- j) Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the Board Meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.
- k) Where any contract or arrangement, which is considered as a related party transaction exclusively as per Companies Act, 2013, is entered into by a director or any other employee, without obtaining the consent of the Board or the shareholders of SRL, such transaction shall be ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into and in case such transaction is not ratified within the specified period, such contract or arrangement shall be voidable at the option of the Board or shareholders and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the Directors concerned shall indemnify SRL against any loss incurred by it.
- l) In accordance with SEBI (LODR), following transactions are exempted from the requirements of obtaining the approval from Audit Committee/ Board/ Shareholders:
- Transactions entered into by SRL with other government companies;

- Transactions entered into between SRL and its wholly owned subsidiary or between two wholly owned subsidiaries of SRL whose accounts are consolidated with SRL and placed before the shareholders at the annual general meeting for approval.
- Transactions entered into between two wholly-owned subsidiaries of SRL, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

The summary of the approval mechanism under SEBI (LODR) Regulation and Companies Act 2013 is provided as under:

Details of Transaction	Approving Authority
All related party transactions (other than those mentioned below) and any subsequent material modifications to the contracts / arrangements	Audit Committee (<i>including Omnibus Approval for a maximum period of one year</i>)
Specified RPTs which are not in Ordinary Course of Business or not on arm's length basis or both (less than threshold limits)	Recommendation by Audit Committee Approval by Board of Directors
Specified RPTs which are not in Ordinary Course of Business or not on arm's length basis or both (beyond threshold limits)	Recommendation by Audit Committee to Board Recommendation by Board to Shareholders Approval by Shareholders
Material RPTs	Recommendation by Audit Committee to Board Recommendation by Board to Shareholders Approval by Shareholders

In the event of inadvertent omission to seek the approval of the Related Party Transaction in accordance with the Policy, the Audit Committee / Board / Shareholders reserve the right to ratify as they may deem fit.

3.4 Board Processes in regard to Related Party Transactions

The Company shall, with the approval of the Board of Directors, establish appropriate internal processes for the purpose of identification of Related Parties and any transactions with them, determination of whether the transaction(s) is in ordinary course of business, whether the transaction(s) is on an arm's length basis, monitoring "materiality" threshold, and other relevant matters to ensure adherence to this policy in entering into transactions with Related Parties.

4. DISCLOSURE

- All Directors and KMPs of the Company are required to disclose to the Company their concern or interest in any Company, firm, body corporate or association of individuals in which they are deemed to be interested.
- Each director and KMP of the Company shall promptly notify the Company of any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest.

5. GOVERNANCE OF THE POLICY

- Policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.
- This Policy on Related Party Transactions shall be governed by Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or such other Rules / Regulations, as may be notified by SEBI from time to time as well as the Companies Act, 2013 read with Rules made therein under, as may be notified by MCA and in force for the time being. Accordingly, interpretation of any of the provisions should be made in consistence thereto in the implementation of this policy. Any subsequent notification, circular, guidelines or amendments under Companies Act, 2013, SEBI (LODR) Regulations, Ind AS and all other applicable laws / rules, as may be issued from time to time shall be mutatis mutandis applicable.