STEEL STRIPS WHEELS LIMITED

Policy on materiality of and dealing with Related Party Transactions

1. Preamble

Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 {"SEBI(LODR) Regulations, 2015"} mandates the company to formulate a policy on materiality of Related Party Transactions (RPT) and on dealing with Related Parties including clear threshold limits duly approved by the Board of Directors. The said Regulation further provides that such policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.

The Board of Directors of Steel Strips Wheels Limited (hereinafter referred as "SSWL" or "the Company") based on the recommendation of Audit Committee has adopted a policy on materiality of related party transactions and also on dealing with related party transaction with a view to regulate the transactions between the company and its related parties in compliance with the abovementioned provision, as amended from time to time, in order to ensure the transparency and procedural fairness of such transactions based on the applicable provisions of The Companies Act, 2013("the Act") read with the relevant rules framed there under and SEBI(LODR) Regulations, 2015 and as amended from time to time.

This policy is also intended to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its related parties. This policy specifically deals with the review and approval of related party transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into this transaction.

2. Definitions

1. **"Act"** means the Companies Act, 2013 read with rules made thereunder as amended from time to time.

2. **"Audit Committee"** shall mean the audit committee constituted by the Board of Directors of the Company from time to time, in accordance with the provisions of the Act and SEBI(LODR) Regulations, 2015.

3. **"SEBI(LODR) Regulations, 2015"** means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

4. **"Arm's Length transaction"** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

5. **"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 its Memorandum and Articles of Association.

6. **"Board of Directors" or "Board"** shall mean the collective body of the Directors of the Company as constituted from time to time, in line with the provisions of the Act and SEBI(LODR) Regulations, 2015.

7. **"Key Managerial Personnel"** in relation to the Company shall be as defined under Section 2(51) of the Act and as per the SEBI(LODR) Regulations, 2015, as amended from time to time.

8. **"Related Party"** shall have the meaning as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI(LODR) Regulations, 2015 as amended from time to time.

9. **"Related Party Transaction"** shall have the meaning as defined under Regulation 2(1)(zc) of the SEBI(LODR) Regulations, 2015, as amended, transfer of resources, services or obligations between
   a) 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

   b) the Company 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 Company or any of its subsidiaries.

   regardless of whether price is charged and a transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract. Provided that the following shall not be a related party transaction:
   a) 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;
   b) the following corporate actions by the company offered to all shareholders in proportion to their shareholding:
      i. payment of dividend;
      ii. sub-division or consolidation of securities;
      iii. issuance of securities by way of a rights issue or a bonus issue; and
      iv. buy-back of securities.
   c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board.
   d) acceptance of current account deposits and saving account deposits by banks in compliance with the directors issued by Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time.
   e) Retail purchases from the company or its subsidiary or by its directors or by its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors."

10. **"Relative"** with reference to a Director or KMP means persons as defined under sub-section (77) of Section 2 of the Act and Rules prescribed thereunder.

11. "**Material Related Party Transaction**", a transaction with a Related Party shall be considered material where the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds the thresholds specified in Schedule XII of SEBI(LODR) Regulations, 2015, or any other limit/threshold as may be amended, modified, or prescribed under the SEBI(LODR) Regulations, 2015 and applicable to the Company from time to time, and such amended provisions shall automatically apply without requiring further approval or modification of this definition.

    Notwithstanding the above, a transaction 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 five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

12. **"Material Modification"** as defined by the Audit Committee means any modification or amendment to the related party agreement / transaction which is likely to result in a 25% revision in the original contractual value of the related party agreement / transaction approved by the Audit Committee.

    Further, change in tenure of contract, change in material terms like change in advance, security, guarantee shall also be treated as a material modification in the transaction.

In case a modification is required pursuant to amendment to the applicable laws, it shall not be regarded as a material modification.

13. **“Promoter” and “Promoter Group”** shall have the same meaning as assigned to them respectively in clauses (oo) and (pp) of sub-regulation (1) of Regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
14. A "**transaction**" with a related party shall be construed to include single transaction or a group of transactions in a contract."
15. “**Industry Standards**” shall mean the Industry Standards on “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions” as notified by SEBI vide its circular dated June 26, 2025, and subsequently as amended from time to time.

Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI(LODR) Regulations, 2015 or any other applicable law or regulation.

3. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION

3.1 Identification of Related Parties

The Company has formulated guidelines for identification and updating the list of related parties as defined under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI (LODR) Regulations, 2015.

3.2 Approval of Audit Committee

a) Prior Approval of Audit Committee shall be required for:-

- All related party transactions and subsequent material modifications as defined by the Audit Committee. However, the Audit Committee may grant prior omnibus approval for Related Party Transactions which are repetitive in nature, subject to the compliance of conditions contained in Regulation 23 of the SEBI(LODR) Regulations, 2015.
- A Related Party Transaction above Rs. 1 crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of the Company is a party but the Company is not a party, if the value of such transaction, exceeds the lower of (i) 10% of the annual standalone turnover of that subsidiary as per the last audited financial statements of the subsidiary; or (ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of the SEBI (LODR) Regulations, 2015.
- A Related party transaction above Rs. 1 crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a Company is a party but the Company is not a party and such subsidiary does not have audited financial statements for a period of at least one year, if the value of such transaction exceeds the lower of (i) 10% of the aggregate value of paid-up share capital and securities premium account of the subsidiary or (ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of the SEBI (LODR) Regulations, 2015.

  The aggregate value of paid-up share capital and securities premium account of such subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the Audit Committee.

b) The prior approval of the audit committee of the Company is not required for:-

- related party transaction to which the listed subsidiary of the Company is a party but the Company is not a party if regulation 23 and sub-regulation (2) of regulation 15 of SEBI (LODR) Regulations, 2015 are applicable to such listed subsidiary;

- For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the audit committee of the listed subsidiary shall suffice;

- transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval;

c) Approval of Audit committee is not required for the Remuneration and sitting fees paid by the company or its subsidiary or to its directors, key managerial personnel or senior management, except who is part of promoter or promoter group, provided that the same is not material in terms of the provisions of Regulation 23(1) of SEBI(LODR) Regulations, 2015.

d) Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the Company or its subsidiary subject to the following conditions, namely:-

- the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
- the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.

The omnibus approval shall provide details of (i) the name(s) of the related party and its relationship with the Company or its subsidiary, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into during the year; (ii) basis of arriving at the indicative base price / current contracted price and the formula for variation in the price if any, (iii) minimum information about the RPTs as per the provisions of the Industry Standards and (iv) such other conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹1 crore per transaction.

The audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company or its subsidiary pursuant to each of the omnibus approvals given.

Only those members of the audit Committee, who are independent directors, shall approve the related party transaction.

Ratification of the related party transactions:-

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

a) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
b) the transaction is not material in terms of the provisions of Regulation 23(1) of SEBI(LODR) Regulations, 2015;
c) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
d) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of regulation 23(9) of SEBI(LODR) Regulations, 2015;
e) any other condition as specified by the audit committee.

Provided 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 related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the company against any loss incurred by it.”

3.2 Approval of Board of Directors

a) As per the provisions of Section 188 of the Act, all related party transactions that are not in the ordinary course of business or not on arm’s length basis shall be referred to the Board of Directors for their approval.

b) All Material Related Party Transactions shall be referred to the Board of Directors for their approval.

c) Transactions which are in the ordinary course of business and at arm’s length basis, but which as per Audit Committee requires Board approval.

Any member of the Board who has a potential interest in such related party transaction will recuse himself or herself and abstain from voting on the approval of such Related Party Transaction.

3.3 Approval of Shareholders

All the material Related Party Transactions and subsequent material modifications as defined by the audit committee shall require prior approval of the shareholders through resolution and all the Related Parties shall abstain from voting on such resolutions whether the Company is related to the particular transaction or not.

All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arms’ Length basis shall also require the approval of the shareholders through a resolution if so required under any law and the Related Party/ies with whom transaction is to be entered into shall abstain from voting on such resolution.

Accordingly, the Company should obtain the prior approval of the shareholders in case of the transactions which exceeds the threshold limit as specified in Section 188(1) of the Act and Rule 15 of Companies (Meetings of Board and its Powers) Rule, 2014 and with any amendments made from time to time.

The prior approval of the shareholders of the Company is not required in case of related party transaction to which the listed subsidiary of the Company is a party, but the Company is not a party if regulation 23 and regulation 15(2) of SEBI (LODR) Regulations, 2015 are applicable to such listed subsidiary.

The omnibus approval granted by the shareholders for material related party transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Companies Act, 2013 or rules, notifications, or circulars issued thereunder from time to time. Provided further that in case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval

Exemption for approvals:

The provision of sub regulation (2), (3) and (4) of Regulation 23 of SEBI (LODR) Regulations, 2015 shall not be applicable under the following cases;

1. transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
2. transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
3. transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand

Voidable Contracts / Arrangements

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under sub-section (1) of Section 188 of the Act, and if it is not 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, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

Without prejudice to anything stated above, it shall be open to the company to proceed against a director or any other employee who had entered into such contract or arrangement in contravention of the provisions of that section for recovery of any loss sustained by it as a result of such contract or arrangement.

4. Disclosure(s)

a) The Company shall submit to the stock exchange(s) disclosures of Related Party Transactions in the format and timeframe(s) as specified by the SEBI, from time to time, and the same will be published on website.

b) The Company shall disclose, in the Annual Report, the details of related party transactions as per Schedule V of SEBI(LODR) Regulations, 2015.

c) The Company shall disclose the policy on dealing with Related Party Transactions on its website and provide web-link in the Annual Report.

d) In addition to the above, the Company shall also provide details of all related party transactions exceeding the materiality threshold as per Regulation 23 of SEBI(LODR) Regulations,2015 on a quarterly basis along with the compliance report on corporate governance, to the Stock Exchanges.

Such other disclosures as may be required under the law shall also be made.

5. Review of the Policy

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically (atleast once in three years) and appropriate recommendations shall be made to the Board to update the same based on the changes that may be brought about due to any regulatory amendments or otherwise.

EFFECTIVE DATE

This revised Policy, shall become effective from **22nd January, 2026.**

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