



## **RELATED PARTY TRANSACTION POLICY**

*(Pursuant to Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

### **1. Preamble**

The Board of Directors (the "Board") of Shreyans Industries Limited (the "Company" or "SIL"), has adopted the following policy and procedures with regard to Related Party Transactions as defined below.

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

### **2. Purpose**

This policy is framed as per requirement of **Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015** and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to make appropriate disclosure each year in the Board Report regarding transactions between the Company and Related Parties as well as policy concerning transactions with Related Parties.

### **3. *Definitions (to be applied as per the Regulations and further amendments notified by SEBI/other authorities etc from time to time)***

**"Audit Committee or Committee"** means Committee of Board of Directors of the Company constituted under provisions of Listing Regulations and Companies Act, 2013.

**"Board"** means Board of Directors of the Company

**"Control"** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

**"Key Managerial Personnel"** means key managerial personnel as defined under the Companies Act, 2013 and includes

- (i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer



**Material Related Party Transaction:** A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, (a) exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company (applicable upto March 31, 2022) (b) exceeds Rupees One Thousand Crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower (w.e.f April 1, 2022).

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 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.

**“Policy”** means Related Party Transaction Policy.

**“Related Party”** means related party as defined in **Regulation 2(zb) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015** which is as follows:

“Related Party” in relation to the Company means a party related with the Company in any of the ways as laid down in Section 2(76) of the Companies Act or under applicable accounting standards.

Provided that w.e.f. April 1, 2022:

(a) any person or entity forming a part of the promoter or promoter group of the Company; or

(b) any person or any entity, holding equity shares:

(i) of twenty per cent or more; or

(ii) of ten per cent or more, w.e.f April 1, 2023;

in the Company 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.

**“Related Party Transaction”** (a) means a transaction involving transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged and a “transaction” with a related party shall construed to include single transaction or a group of transaction in a contract (applicable upto March 31, 2022).



(b) means a transaction involving a transfer of resources, services or obligations (w.e.f. April 1, 2022) between:

(i) the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or

(ii) 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, (w.e.f. April 1, 2023); 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 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 which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

i. payment of dividend;

ii. subdivision 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 alongwith the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

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

i. They are members of a Hindu undivided family;

ii. They are husband and wife; or

iii. Father (including step-father)

iv. Mother (including step-mother)

v. Son (including step-son)

vi. Son’s wife

vii. Daughter

viii. Daughter’s husband

ix. Brother (including step-brother)

x. Sister (including step-sister)



#### **4. Policy**

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy. Although, the committee may grant omnibus approval to repetitive transactions/other transactions in the best interest of the Company in accordance with **Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

##### **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. Board/Audit Committee will determine whether the transaction does, in fact, constitute 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 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 except the cases where omnibus approval to repetitive transactions/other transactions in the best interest of the Company has been given by the Committee in accordance with **Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

All Material Related Party Transactions and subsequent material modifications shall require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Material modification(s), for this purpose, are those modifications that result in an increase of more than ten percent of the amount approved by the Audit Committee and / or shareholders, as applicable.

##### **4.3 Review and Approval of Related Party Transactions**



Related Party Transactions 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 recuse 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 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 arms 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 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, Executive Officer 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.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.



Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- i. 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 or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii. 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.

#### **5. Related Party Transactions not approved under this Policy**

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The 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, revision or termination of the Related Party Transaction. 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 any such action it 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.

#### ***Communications and Amendments***

The Board of Directors shall have the full authority to amend or modify this policy at least once in three years, as per the regulations/amendments notified by SEBI/concerned authorities and waive any procedural requirements of the Policies subject to the guidelines issued by Securities and Exchange Board of India from time to time. In the event of any inconsistency between this Policy and the applicable laws, the applicable laws will prevail.

This Policy shall be posted on the website of the Company at [www.shreyansgroup.com](http://www.shreyansgroup.com)