

# **Shreenath Investment Company Limited**

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CIN : L67120MH1979PLC022039

## **POLICY ON MATERIALITY AND DEALING WITH RELATED PARTY TRANSACTIONS**

### **TITLE**

This policy shall be called 'RPT Policy on materiality and dealing with related party Transactions'.

### **COMMENCEMENT**

The Policy shall come in to force with effect from April 1, 2017.

### **OBJECTIVE**

Related party transactions have been one of the major areas of focus for the Corporate Governance reforms being initiated by Indian Legislature.

The changes introduced in the Corporate Governance norms through the Companies Act, 2013 and the revamped Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 require the companies to have enhanced transparency and due process for approval of the related party transactions.

Pursuant thereto, Section 188 of the Companies Act and Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 require the Company to formulate a policy on materiality of related party transactions and also on dealing with related party transactions.

### **DEFINITIONS**

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.

Audit committee means the audit committee of the Board of directors

Board means the Board of directors of the Company

Company means Shreenath Investment Company Limited

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Material related party transaction in relation to the Company means a related party transaction which individually or taken together with previous transactions with a related

Party during a financial year, exceeds ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company

**Ordinary Course of Business** with reference to a transaction with a related party means a transaction which is:

- Carried out in the normal course of business envisaged in accordance with the Memorandum of Association ("MOA") of the Company as amended from time to time;
- Meets any other parameters/criteria as decided by the Board/ Audit Committee from time to time.

**Policy** means this policy, as amended from time-to-time.

**Related Party** in relation to the Company means a party related with the Company in any of the ways as are laid down in section 2(76) of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

**Related party transaction** in relation to the Company means a transaction which is:

(a) a 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 be construed to include a single transaction or a group of transaction in a contract;

(b) a contract or arrangement with a related party with respect to

(i) Sale, purchase or supply of any goods or materials;

(ii) Selling or otherwise disposing of, or buying, property of any kind;

(iii) Leasing of property of any kind;

(iv) Availing or rendering of any services;

(v) Appointment of any agent for purchase or sale of goods, materials, services or property;



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- (vi) Such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
- (vii) Underwriting the subscription of any securities or derivatives thereof, of the Company;
- (c) defined as a "related party transaction" under the relevant provisions of the Companies Act, 2013 or the SEBI (LODR) Regulation 2015 or any other related law, regulation, standard, etc.

### **APPLICABILITY**

This policy shall be applicable to all the related party transactions entered in to by the Company except the following:

- (a) Loans/ advances given to a related party.
- (b) Guarantee given or security provided in connection with a loan to a related party.
- (c) Investment made in a related party.
- (d) Amendment of an existing contract/ arrangement with a related party.
- (f) Cancellation of an existing contract/ arrangement with a related party.

### **APPROVAL OF RELATED PARTY TRANSACTIONS**

(a) All related party transactions shall require prior approval of the Audit Committee. The approval of the Audit Committee can be granted by way of a 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 provisions Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

(b) All material related party transactions shall require prior approval of the shareholders through resolution.

(c) In case of related party transaction which is not in the ordinary course of business or which is in the ordinary course of business but is not arm's length transaction, whether or not it is a material related party transaction, prior approval of the Board vide a resolution passed at the meeting of the Board shall be necessary.

(d) Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

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(e) The related parties shall abstain from voting as shareholders in case of related party transactions which require the approval of shareholders.

(f) Transactions with related parties exceeding such sums, as prescribed under Section 188 of the Companies Act, 2013 read with relevant rules prescribed thereunder shall require prior approval of the shareholders

### **PROCESS FOR DEALING WITH RELATED PARTY TRANSACTIONS**

(a) A list of all the related parties in relation to the Company received from the Directors shall be updated from time-to-time.

(b) Basis the above mentioned list of related parties, every department shall, prior to entering in to any contract or arrangement with a related party, ascertain whether the proposed contract or arrangement satisfies the approval mechanism prescribed under this Policy.

(c) The contract/arrangement shall not be entered in to without the necessary approval from the Audit Committee/ Board/Shareholders, as the case may be. Compliance to this condition will strictly be adhered to by the concerned department proposing the underlying contract or arrangement.

### **AMENDMENTS**

The Board of directors shall have the power to amend any of the provisions of this policy, substitute any of the provisions with a new provision or replace this policy entirely with a new policy.

### **INTERPRETATION**

(a) Any words used in this policy but not defined herein shall have the same meaning prescribed to it in the Companies Act, 2013 or rules made thereunder, SEBI Act or rules and regulations made thereunder, listing agreement, Accounting Standards or any other relevant legislation/law applicable to the Company.

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(b) In case of any dispute or difference upon the meaning/interpretation of any word or provision in this policy, the same shall be referred to the Audit Committee and the decision of the audit committee in such a case shall be final. In interpreting such term/provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.