



SHARAT INDUSTRIES LIMITED

CIN - L05005AP1990PLC011276

Regd. Off. : Feed Plant, Hatchery & Farm

Venkanna Palem Village, T.P. Gudur Mandal, Nellore - 524 002, Nellore Dist, A.P.

Processing Plant : Mahalakshampuram Village, T.P. Gudur Mandal, Nellore - 524 002, Nellore Dist, A.P.

E-mail : accounts@sharatindustries.com, Website : www.sharatindustries.com

RELATED PARTY TRANSACTION POLICY

Objective of the Policy

The Board of Directors of the Company ("the Board"), on the recommendation of the Audit Committee, has adopted this Policy and associated procedures for regulating related party transactions, in line with the requirements of the Companies Act, 2013 ("the Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

This Policy is 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 mechanism of material related party transactions keeping in mind the potential or actual conflicts of interest that may arise because of such transactions.

Definitions and Applicability

"Audit Committee or Committee" means a Committee of the Board of Directors of the Company constituted in terms of the Listing Regulations and the Act;

"Board" means the Board of Directors of the Company;

"Material Related Party Transaction" means a transaction with a related party 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; However, 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 transaction during a financial year, exceed two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

An entity shall be considered as related to the Company if any of the following conditions applies:

- The entity is a 'related party' as defined in the listing regulation
- The entity is a related party under Section 2(76) of the Companies Act, 2013
- Such entity is a related party under the applicable accounting standards

"Related Party Transaction" means any transaction directly or indirectly involving any Related Party that involves transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged A "transaction" with a related party shall



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be construed to include a single transaction or a group of transactions in a contract Words and expressions used in the Policy but not defined herein shall have the meaning ascribed to them in the Companies Act, 2013 and the Rules framed there under and the Listing Regulations, as amended from time to time.

1. Dealing with Related Party Transactions

All Related Party Transactions, other than transactions between the Company and wholly owned subsidiaries which are in the ordinary course of business and which are on arm's length basis, shall require approval of the Audit Committee and / or the Board of Directors of the Company in accordance with this Policy.

2. Identification of Related Party Transactions

All Related Party Transactions shall be placed before the Audit Committee of the Company for its approval.

Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Company Secretary (or such other person who may be entrusted for this purpose by the Audit Committee) who would in turn take necessary steps to place the same before the Audit Committee.

All Directors, Members of the Management Committee and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest Including interest of their relatives in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year, immediately on occurrence. Further, Directors and KMPs should disclose to the Board whether they, directly, indirectly, or on behalf of third parties, have material interest in any transaction or matter directly affecting the Company.

In addition, all Directors, Members of the Management Committee and KMPs are responsible for giving notice to the Company Secretary of any potential Related Party Transaction involving them or their Relatives.

Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary (or such other person who may be entrusted for this purpose by the Audit Committee) has adequate time to obtain and review information about the proposed transaction and place the same before the Audit Committee.

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No. 57/11, Old No. 29/TF4, 1st Main Road,
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Nellore Off. : 16-6-143, Opp. Manasa Apartment,
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3. Review and Approval of Related Party Transactions

Unless otherwise stated in this Policy, all Related Party Transactions, other than transactions between the Company and wholly owned subsidiaries which are in the ordinary course of business and which are on arm's length basis, shall require prior approval of the Audit Committee of the Company. Transactions between the Company and wholly owned subsidiaries which are in the ordinary course of business and which are on arm's length basis should also, as a measure of good governance, be placed before the Audit Committee for information.

For the aforesaid purpose, all Related Party Transactions must be reported to the Company Secretary who shall place the same before the Audit Committee in accordance with this Policy.

The Audit Committee may grant omnibus approval to Related Party Transactions that are:

- repetitive in nature; and
- entered in the ordinary course of business and on arm's length basis. Such omnibus approval may be granted to the transactions which, in addition to meeting the above criteria, also satisfy the following considerations:
 - The transaction in question is necessary to be executed as it is in the business interest of the company;
 - The requisite information is presented to the Audit Committee's satisfaction to confirm that the transaction is entered in the ordinary course of business and on arm's length basis;
 - Such omnibus approval shall specify –
 - the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
 - the indicative value and the formula for variation in the value, if any and
 - such other conditions as the Audit Committee may deem fit.
 - Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of the financial year. The Audit Committee shall on quarterly basis review the details of the Related Party Transactions entered into by the Company pursuant to the omnibus approval granted by the Audit Committee earlier.
 - Any member of the Audit Committee, who has a potential interest in any Related Party Transaction, will recuse himself or herself and abstain from discussion or voting on the approval or ratification of such related party Transaction.



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

Any such Related Party Transactions shall also be placed for prior approval of shareholders if it exceeds the thresholds as prescribed under the Companies Act, 2013 and the Rules framed there under and the Listing Regulations, 2015. All entities falling under the definition of related parties shall not vote to approve the said resolution being placed before the shareholders, irrespective of whether the entity is a party to the transaction or not.

4. Related Party Transactions that shall not require Approval

Following Related Party Transactions shall not require any separate approval under this Policy:

- Any transaction pertaining to appointment and remuneration of Directors and KMPs that require approval of the Nomination and Remuneration Committee of the Company and the Board
- Transaction that have been approved by the Board under the specific provisions of the Companies Act, 2013 e.g. inter-corporate deposits, borrowings, investments etc. with or in wholly owned subsidiaries or other Related Parties
- Payment of Dividend
- Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off etc. which are approved by the Board and carried out in accordance with the specific provisions of the Companies Act, 2013 or the Listing Regulations, 2015

5. Material Related Party Transaction

All Material Related Party Transactions shall be placed for prior approval of shareholders through a Resolution. However, the Material Related Party Transactions entered into between the Company and its wholly owned subsidiaries shall not require prior approval of the shareholders.

6. Disclosure(s)

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Details of all Material Related Party Transactions shall be disclosed to the Stock Exchanges on a quarterly basis along with the compliance report on corporate governance.

The Company shall disclose this Policy on its website and provide the web link in the Annual Report. In addition to the disclosures required under the Accounting Standards, Related Party Transactions that are not at arm's length basis and Material Related Party Transactions that are at arm's length or such other transactions as may be statutorily required, shall be disclosed in the Annual Report of the Company as part of the Board's Report.

7. Governance of the Policy

The Company may constitute a Steering Committee which will be headed members from Finance, Corporate By the chief financial Officer and the Company Secretary and will have such be determined by the chief financial officer and the Company Secretary. Secretarial and other functions as may The Steering Committee shall meet periodically to ensure that the actions agreed with the Audit Committee and the Board with respect to Related Party Transactions have been implemented. The Steering Committee shall also ensure that the systems and processes are in place for identification and approval of Related Party Transactions as per this Policy.

8. Amendments to the Policy

The Audit Committee of the Company shall review this Policy from time to time, but at least once every three years, and may recommend amendments to the same for approval of the Board. In case of any amendments, clarifications, circulars etc, issued by the relevant authorities not being consistent with the provisions laid down in this upon the provisions herein and Policy, then such amendments, clarifications, circulars, etc, shall prevail this Policy shall stand amended accordingly from the effective date as laid down under such amendments, clarifications, circular(s), etc. Communication

This Policy will be communicated to all Directors, KMPs and Members of the Management Committee and other concerned persons of the Company

9. Review

The Company shall review the Policy from time to time.

The policy was placed approved by the Board of Directors in its meeting held on 13.2.2019