

## **Policy on Materiality of and Dealing with Related Party Transactions**

### **1. Introduction & Purpose**

The Board of Directors of Sharda Ispat Limited on recommendation of the Audit Committee, has adopted this policy to regulate transactions of the Company by Related parties in compliance with various applicable laws, including under the Companies Act, 2013 and the provisions of SEBI (Listing obligations and Disclosure Requirements) Regulations,2015.

### **2. Definitions:**

- a). “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.
- b). “Audit Committee” means the audit committee constituted by the Board of Directors of the Company in accordance with applicable law, including the listing agreement and the Companies Act,2013.
- c). “Board” means the Board of Directors of Sharda Ispat Limited.
- d). “Material Related Party Transaction” means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year , exceeds ten percent of the consolidated annual turnover of the Company as per the last audited financial statements of the Company.
- e). “Policy” means this Policy, as amended from time to time.
- f). “Related Party” in relation to the Company means a party with the Company in any of the ways as are laid down in section 2 (76) of the Companies Act,2013 and as per definition given in LODR,2015.
- g). “Related Party Transaction” in relation to the Company means a transaction with a Related Party under the relevant provisions of the Companies Act, 2013 or the listing agreement or any other related law, regulation, standard etc.

### **3. Policy:**

- a). The Related Party Transactions should be in conformity with the prevailing rules and regulations prescribed by law.
- b). All Related Party Transactions shall be placed before the Audit Committee for prior approval of the Audit Committee as required under the provisions of the Companies Act,2013 and the LODR,2015.

- c). The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature, provided that such approval shall remain valid for a period not exceeding one year, during which period the commercial terms of approved Related Party transactions may change, provided that arm's length criterion shall be ensured at the time of each such change. Further, where the need for Related Party Transactions cannot be foreseen and requisite details are not available, the Audit Committee may grant omnibus approval for such transactions provided that the value of each such transaction shall not exceed Rs. 1 Crore.
- d). Any Related Party Transactions which is not in the ordinary course of business of the Company or not at Arm's Length Basis shall be effected only with prior approval of the Board of Directors of the Company, on recommendation of Audit Committee.
- e). All Related Party Transactions specified in the Act which are not ordinary course of business of the Company or not on Arm's Length basis and exceed the thresholds laid down in Companies (Meeting of Board and its Power) Rules,2014 shall be placed before the shareholders for its approval. Notwithstanding, the Related Party Transactions which cross the materiality thresholds as defined herein shall be entered by the Company only with the prior approval of Shareholders of the Company, as per applicable provisions of the LODR, as may be amended from time to time.
- f). Subject to the applicable laws , the Audit Committee shall have the power to ratify, revise or terminate the Related Party Transactions, which are not in accordance with this policy.

#### **4. Amendments:**

The Board 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.