



Sharda Ispat Ltd.

Regd. Off.: Kamptee Road, Nagpur - 44 00 26

Tel.: 0712 - 2245156, 2245888, | Email: shardaispat.ngp@gmail.com

Website: www.shardaispat.com | CIN No.: L74210MH1960PLC011830



POLICY ON RELATED PARTY TRANSACTION AND MATERIALITY OF RELATED PARTY TRANSACTIONS

I. Preamble:

The Board of Directors of the Company has adopted the following policy and procedure with regards to dealing with Related Party Transactions and policy on materiality of Related Party Transactions. The Audit Committee will review the same from time to time and propose amendment(s) required in the policy to the Board of Directors.

II. Objective:

1. The Company recognizes that Related Party Transactions (as defined below), as part of its business activities, may have potential or actual conflicts of interest and may raise questions whether such transactions are consistent with the Company's and its stakeholders' best interest and in compliance with the provisions of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time.

III. Definitions:

- a) "**Act**" means the Companies Act, 2013 including any amendment or modification thereof.
- b) "**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.
- c) "**Audit Committee**" means the Committee of the Board formed under the provisions of the Act and the Listing Regulations.
- d) "**Listing Regulations**" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendment or modification thereof.
- e) "**Material modification to Related Party Transaction**" means:
 - i) any modification in the value of the transaction plus/minus 10%
 - ii) any modification in the price of the transaction plus/minus 10%."



Sharda Ispat Ltd.

Regd. Off.: Kamptee Road, Nagpur - 44 00 26

Tel.: 0712 - 2245156, 2245888, | Email: shardaispat.ngp@gmail.com

Website: www.shardaispat.com | CIN No.: L74210MH1960PLC011830



f) "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, exceeds either of the following limits as per the last audited financial statements of the Company:

Category of Transaction	Limits - u/s 188 of the Companies Act 2013 as amended from time to time	Limits - under Listing Regulations as amended from time to time
Sale, purchase or supply of any goods or materials, directly or through appointment of agent	amounting to 10% or more of turnover	any transaction involving transfer of resources, services or obligations between the Company and a related party exceeding 10% of annual consolidated turnover
Selling or otherwise disposing of, or buying, property of any kind; directly or through appointment of agent	amounting to 10% or more of net worth	
Leasing of property of any kind;	amounting to 10% or more of turnover	
Availing or rendering of any services, directly or through appointment of agent	amounting to 10% or more of turnover	
Such Related Party's appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding Rs 2.5 lakh	
Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company	Remuneration exceeding 1% of net worth	
Any payments made to a Related Party for Brand Usage/ Royalty	Not specified	
		5% of Annual Consolidated Turnover



Sharda Ispat Ltd.

Regd. Off.: Kamptee Road, Nagpur - 44 00 26

Tel.: 0712 - 2245156, 2245888, | Email: shardaispat.ngp@gmail.com

Website: www.shardaispat.com | CIN No.: L74210MH1960PLC011830



- g) “Promoter and Promoter Group”** will have the same meaning as defined in 2(1) (oo) and 2(1) (pp) of SEBI (ICDR) Regulations, 2011.
- h) “Related Party”-** For the purpose of this policy, an entity shall be considered as related party to the company if:
- i) Such entity is a related party as defined under Section 2(76) of the Companies Act, 2013; or
 - ii) Such entity is a related party as per the applicable accounting standards; or
 - iii) Such entity is a related party as per Listing Regulations, as amended.

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

i) “Related-Party Transaction” means

1. a transaction involving transfer of resources, services or obligations between:
 - (i) 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
 - (ii) a listed entity 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 listed entity or any of its subsidiaries, with effect from 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:
2. any transaction as envisaged under section 188 of the Companies Act, 2013.

j) “Relative” means relative as defined under section 2(77) of the Companies Act, 2013.

k). “Threshold Limits for Related Party Transactions” means the limits prescribed in Clause III (f) herein above or any amendments made thereto from time to time.

IV. Policy

All Related Party Transactions must be identified and reported to the Audit Committee, Board and shareholders, as may be applicable, for necessary approval. The said transactions shall be disclosed in accordance with the requirements of the Act, Accounting Standards and the Listing Regulations.



Sharda Ispat Ltd.

Regd. Off.: Kamptee Road, Nagpur - 44 00 26

Tel.: 0712 - 2245156, 2245888, | Email: shardaispat.ngp@gmail.com

Website: www.shardaispat.com | CIN No.: L74210MH1960PLC011830



1. Identification of Potential Related Party Transactions

Each Director and Key Managerial Personnel is responsible for providing Notice of Disclosure of Interest under Section 184 of The Companies Act, 2013 along with list of Relatives to the Company. The Company shall ensure that no transaction is entered into with any entity/individual disclosed by the Director/ KMP or any other Related Party without necessary approvals.

2. Procedure To Be Adopted For Related Party Transactions

2.1 Approval of Audit Committee

- a) All Related Party Transactions and subsequent material modification thereof, shall require prior approval of the Audit Committee and only those members of the audit committee, who are independent directors, shall approve related party transactions;
- b) a related party transaction to which the unlisted subsidiary of Company is a party but Company is not a party, shall require prior approval of the audit committee of Company - if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% (ten per cent) of the annual consolidated turnover, as per the last audited financial statements of the Company; - with effect from April 1, 2023, if the value of such transaction exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.
- c) The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:
 - A The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval which shall include the following, namely:-
 - i) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
 - ii) the maximum value per transaction which can be allowed;
 - iii) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - iv) review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made;



Sharda Ispat Ltd.

Regd. Off.: Kamptee Road, Nagpur - 44 00 26

Tel.: 0712 - 2245156, 2245888, | Email: shardaispat.ngp@gmail.com

Website: www.shardaispat.com | CIN No.: L74210MH1960PLC011830



v) transactions which cannot be subject to the omnibus approval by the Audit Committee.

B The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: -

- i) repetitiveness of the transactions (in past or in future);
- ii) justification for the need of omnibus approval

C The Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company.

D The omnibus approval shall contain or indicate the following: -

- i) name of the related parties;
- ii) nature and duration of the transaction;
- iii) maximum amount of transaction that can be entered into;
- iv) the indicative base price or current contracted price and the formula for variation in the price, if any; and
- v) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction: Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, the audit committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

E Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

F Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

G. Any other conditions as the Audit Committee may deem fit".

2.2 Approval of Board of Directors

A. All the Related Party Transactions covered by section 188 of the Companies Act 2013 shall be approved by the Board of Directors of the Company. However, this provision will not apply to the transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis.



Sharda Ispat Ltd.

Regd. Off.: Kamptee Road, Nagpur - 44 00 26

Tel.: 0712 - 2245156, 2245888, | Email: shardaispat.ngp@gmail.com

Website: www.shardaispat.com | CIN No.: L74210MH1960PLC011830



- B. All the Material Related Party Transactions as per Listing Regulations shall be approved by the Board of Directors of the Company.

2.3 Approval of Shareholders

If a Related Party Transaction is (i) a material transaction or (ii) not in the ordinary course of business, or (iii) not at arm's length price and exceeds thresholds prescribed, it shall require shareholders' approval by resolution. The related parties shall not vote to approve the said transactions irrespective of whether such related party is party to the said transaction or not.

All subsequent material modifications shall be approved by the Shareholders through a special resolution and no related party shall vote to approve the said transaction.

However, the requirement of shareholders' approval for Material Related Party Transactions shall not be applicable for the following cases:

- a) Transactions in respect of a resolution plan approved under section 31 of the insolvency and Bankruptcy Code 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved;
- b) 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) Transactions entered into between two wholly-owned subsidiaries of Company, whose accounts are consolidated with Company and placed before the shareholders at the general meeting for approval.

2.4 Factors To Be Considered While Granting Approval To Related Party Transactions:

The Audit Committee/Board shall consider the following factors, among others, to the extent relevant to the Related Party Transactions while granting its approval:

- a) Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- b) 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;



Sharda Ispat Ltd.

Regd. Off.: Kamptee Road, Nagpur - 44 00 26

Tel.: 0712 - 2245156, 2245888, | Email: shardaispat.ngp@gmail.com

Website: www.shardaispat.com | CIN No.: L74210MH1960PLC011830



- c) Whether the Related Party Transaction would affect the independence of an independent director;
- d) Whether the transaction qualifies to be a transaction in ordinary course of business and at arms' length.
- e) Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- f) 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 terms and size of the transaction, the purpose and timing of the transaction, the overall financial position of the director 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.

V. Disclosures and related provisions:

1. The agenda item of the Committee / Board meeting shall disclose:
 - i) the name of the related party and nature of relationship
 - ii) the nature, duration of the contract and particulars of the contract or arrangement
 - iii) the material terms of the contract or arrangement including the value, if any
 - iv) any advance paid or received for the contract or arrangement, if any
 - v) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract
 - vi) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors and
 - vii) any other information relevant or important for the Board to take a decision on the proposed transaction
2. No Interested Director shall be present at the meeting during discussions on the subject matter of the resolution relating to related party transaction.



Sharda Ispat Ltd.

Regd. Off.: Kamptee Road, Nagpur - 44 00 26

Tel.: 0712 - 2245156, 2245888, | Email: shardaispat.ngp@gmail.com

Website: www.shardaispat.com | CIN No.: L74210MH1960PLC011830



3. The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transactions.
4. The Company shall, within prescribed timelines from the date of publication of results for the half year, submit disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.
5. In addition to the above, the Company shall also provide details of all related party transactions exceeding the materiality threshold on a quarterly basis to the Stock Exchanges.
6. The policy shall be disseminated on the company's website at shardaispat.com and the web-link of the same shall be provided in the report of the Directors.

VI. Review & monitoring of Related Party Transactions:

The Audit Committee shall review and monitor a Related Party Transaction taking into account 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 connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

VII. Transactions not to be considered as Related Party Transactions

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee, Board 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.



Sharda Ispat Ltd.

Regd. Off.: Kamptee Road, Nagpur - 44 00 26

Tel.: 0712 - 2245156, 2245888, | Email: shardaispat.ngp@gmail.com

Website: www.shardaispat.com | CIN No.: L74210MH1960PLC011830



VIII. Related Party Transactions not approved under this Policy:

In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy the matter shall be reviewed by the Audit Committee. The Audit 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 by it or recommend the Board for their ratification or seeking approval of Shareholders, 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 as it deems appropriate.

IX. Policy Review:

This Policy is framed based on the provisions of the Act and the Listing Regulations. In case of any subsequent changes in the provisions of the Act, or in the Listing Regulations or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Audit Committee once in every three years or as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors.

This Policy will be communicated to all Directors, KMPs, operational employees and other concerned persons of the Company.
