

POLICY ON RELATED PARTY TRANSACTIONS

A. Preamble

The board of directors of Shrem Infra Invest Private Limited (the “**Board**”) has adopted the following policy and procedures (the “**Policy**”) with respect to related party transactions of the Trust (as defined below) and conflict of interest situations. The Board may amend the Policy from time to time, subject to applicable law.

The Policy is adopted to regulate the transactions of the Company with its Related Parties (as defined below), based on the laws and regulations applicable to the Company and best practices.

B. Objectives

The objective of the Policy is to ensure proper approval, supervision and reporting of the transactions between the Company and its Related Parties.

C. Definitions

- (i). “**Act**” means the Companies Act, 2013, as amended.
- (ii). “**Associate**” means a company as defined under section 2(6) of the Companies Act, 2013 and as defined by Accounting Standard (AS) 23, —Accounting for Investments in Associates in Consolidated Financial Statements.
- (iii). “**Subsidiary**” means a company as defined in Section 2(87) of the Companies Act, 2013.
- (iv). “**Audit Committee**” means the audit committee constituted by the Board pursuant to Section 177 of the Act and Regulation 18 of listing regulations.
- (v). “**Director**” means a person as defined in Section 2(34) of the Companies Act, 2013.
- (vi). “**Related Party of the Company**”/ “**Related Parties**”
An entity shall be considered as related to the company if:
 - i) such entity is a related party under Section 2(76) of the Companies Act, 2013 which are as follows
 - (1) A Director or his relative;
 - (2) A Key Managerial Personnel or his relative;
 - (3) A firm, in which a director, manager or his relative is a partner;
 - (4) A private company in which a director or manager is a member or director;
 - (5) A public company in which a director or manager is a director and holds along with his relatives, more than two per cent. of its paid- up share capital;

- (6) Anybody corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager; [Except advice, directions or instructions given in a professional capacity]
 - (7) Any person on whose advice, directions or instructions a director or manager is accustomed to act; [Except advice, directions or instructions given in a professional capacity]
 - (8) Any company which is a holding, subsidiary or an associate company of such company; or a subsidiary of a holding company to which it is also a subsidiary; or an investing company or the venturer of the company
Explanation.—For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.
 - (9) such other person as may be prescribed. Or
- ii) such entity is a related party under the applicable accounting standards. The applicable Accounting Standards 18 issued by ICAI defines related party as under:
- parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/ or operating decisions.
- (vii). **“Related Party Transactions”** means transactions covered under this policy includes any contract or arrangement with a related party with respect to transactions defined as —Related Party Transaction under Section 188 of the Companies Act, 2013 and Regulation 23 (1) of the Listing Regulations.
- (viii). **“Material Related Party Transaction(s)”** means 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 rupees 1,000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower. In case of transaction involving payment to a related party for brand usage or royalty, it will be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- (ix). **“Ordinary course of business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per its Memorandum of Association. The board and Audit Committee may law

down the principles for determining ordinary course of business in accordance with the Act.

- (x). **“Relative”** means as defined in Section 2(77) of the Companies Act, 2013. Which are as follows

with reference to any person, means anyone who is related to another, if—

(i) they are members of a Hindu Undivided Family;

(ii) they are husband and wife; or

(iii) one person is related to the other in such manner as prescribed below

A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-

(1) Father: Provided that the term “Father” includes step-father.

(2) Mother: Provided that the term “Mother” includes the step-mother.

(3) Son: Provided that the term “Son” includes the step-son.

(4) Son’s wife.

(5) Daughter.

(6) Daughter’s husband.

(7) Brother: Provided that the term “Brother” includes the step-brother;

(8) Sister: Provided that the term “Sister” includes the step-sister.;

- (xi). **“Key Managerial Personnel”**

Key Managerial Personnel as defined in Section 2(51) of the Companies Act, 2013, in relation to the Company, means –

i. Chief Executive Officer or the Managing Director or the Manager

ii. Company Secretary.

iii. Whole Time Director

iv. Chief Financial Officer and

v. such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and

vi. such other officer as may be prescribed;

D. Policy

- (i). **In accordance with the SEBI Regulations, the Company will ensure that all future Related Party Transactions shall be:**

- (a). on an arm’s length basis;
- (b). in accordance with the relevant accounting standards;
- (c). in the best interest of the Shareholders;
- (d). consistent with the strategy and objectives of the Company; and
- (e). compliant with applicable law.

(ii). Approval of Related Party Transactions:**1. By Board of Directors:**

As per section 188 of the Companies Act, 2013 except with consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed, no company shall enter into any contract or arrangement with a related party with respect to :

- (a) Sale, purchase or supply of any goods or materials;
- (b) Selling or otherwise disposing of, or buying, property of any kind;
- (c) Leasing of property of any kind;
- (d) Availing or rendering of any services;
- (e) Appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) Underwriting the subscription of any securities or derivatives thereof, of the Company.

2. By the Members of the Company:

Following transactions that, require previous approval of Shareholders of the Company, as prescribed under Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, includes the transactions/contracts/ arrangements as follows:

NATURE OF RELATED PARTY TRANSACTIONS	THRESHOLD LIMIT
(i) Sale, purchase or supply of any goods or materials, directly or through appointment of agent	Amounting to 10% or more of the Turnover of Company as mentioned in aforesaid clause (a) and clause (e) respectively
(ii) 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 of the company as mentioned in aforesaid clause (b) and clause (e) respectively
(iii) Leasing of property of any kind	Amounting to 10% or more of the turnover of the company as mentioned in aforesaid clause (c)
(iv) Availing or rendering of any services, directly or through appointment of agent	Amounting to 10% or more of the turnover of the company as mentioned in aforesaid clause (d) and clause (e) respectively
(v) Appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f)
(vi) Remuneration for underwriting the	Exceeding one per cent. of the net worth

subscription of any securities or derivatives	as mentioned in clause (g)
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Provided also that nothing in this sub-section shall apply to any transactions entered into by the company in its ordinary course of business other than transaction which are not on arm's length basis.

3. **By the Audit Committee**

In terms of Regulation 23 (2) of the Listing Regulations, all Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee and Only independent directors shall approve related party transactions.

- a. A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the listed entity.
- b. A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary
- c. Prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.

In terms of Regulation 23 (5) of the Listing Regulations, all Related Party Transactions and subsequent material modifications shall not require prior approval of the Audit Committee if:

- i) transactions entered into between two government companies;
- ii) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- iii) transactions entered into between two wholly-owned subsidiaries of the listed

holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

Explanation (i): For the purpose of Regulation 23 (5) of the Listing Regulations, "Government company(ies)" shall have the same meaning as defined in Section 2(45) of the Companies Act, 2013."

However, 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 grant omnibus approval in line with this policy and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall grant omnibus approval to the transactions which are in the ordinary course of business and the transactions which are on arm's length basis.
- c. The Audit Committee shall grant omnibus approval to all such transactions as the Audit Committee may consider proper.
- d. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- e. Such omnibus approval shall specify:
 - (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
 - (ii) the indicative base price / current contracted price and the formula for variation in the price if any and
 - (iii) such other conditions or criteria's, as the Audit Committee may deem fit;

provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

- f. The Related Party Transactions entered into by the company pursuant to each of the omnibus approval given shall be informed to the Audit Committee on a quarterly basis for review.
- g. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

4. By the Shareholders

In terms of Regulation 23 (4) of the Listing Regulations, all material Related Party Transactions and subsequent material modifications other than the following shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

- (i) transactions entered into between two government companies;
- (ii) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

Explanation (i): For the purpose of Regulation 23 (5) of the Listing Regulations, "Government company(ies)" shall have the same meaning as defined in Section 2(45) of the Companies Act, 2013."

Explanation (ii): For the purpose of Regulation 23 (7) of the Listing Regulations, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not."

prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

E. Review and approval of Related Party Transactions**1. Audit Committee**

All the transactions with the related party other than transactions falling under Clause **ii (3)** should be approved by the Audit Committee before entering into such transaction. The Audit committee shall consider the following factors while deliberating the related party transactions for its approval: -

- a) Name of party and details explaining nature of relationship
- b) Nature of transaction and material terms thereof including duration of transaction and the value of transaction, if any;
- c) the manner of determining the pricing to ascertain whether the same is on arm's length

d) Business rationale for entering into such transaction

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

If the committee determines that the related party transaction is (i) a Material related party transaction or (ii) Transactions are not in the ordinary course of business or (iii) not at the arm's length, the Audit Committee shall place the matter before the board for obtaining its approval and if necessary for shareholders' approval.

2. Board of Directors

All transactions other than transactions falling under Clause **ii (3)** shall require the approval of the Board of Directors, 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 consideration 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.

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

If the Board determines that any related party transactions require approval of the Shareholders of the Company, the same shall be placed before the Shareholders of the Company for obtaining their approval.

3. Shareholder approval

In case Board refers a related party transaction for seeking approval of the shareholders as per the provisions of Companies Act 2013 or otherwise, in such cases, if any member of company is a related party as per this policy, such member of the company shall not vote on resolution passed for approving such related party transaction.

F. Potential Conflict of Interest

Subject to applicable law and this Policy, all resolutions in writing of the Board in relation to matters concerning related party transactions of the Company must be approved by a majority of the Directors.

- G.** The particulars of all the Related Party Transaction entered into with the approval of the Audit Committee / Board of Directors / Shareholders shall be entered into the Register of Contract or Arrangements in which Directors are interested, maintained by the Company and all the compliance related thereto shall be done by the Company Secretary as per the provisions of the Companies Act, 2013 and Listing Regulations.

H. Ratification

Any Related Party Transaction entered into without obtaining the prior approval of the Audit/ Board/ Shareholders(respective authority/ies) may be ratified, subject to the applicable provisions of the Companies Act, 2013 and the Listing Regulations, if post review of the said transaction / contract, the appropriate authority is satisfied, that the said Related Party Transaction is not detrimental to the interest of the Company, however, the appropriate authority may also ratify such transaction or contracts, with or without the modification(s).

Adopted by the board of directors of Shrem Infra Invest Private Limited on 15th March, 2024.

For Shrem Infra Invest Private Limited

Nitan Chhatwal
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