SHREE GANESH REMEDIES LTD.
excelling in chemistry

SHREE GANESH **REMEDIES** LIMITED

Manufacturer of API Intermediates & Speciality Chemicals

# Policy on Related Party Transaction

1. **Preamble**

   The Board of Directors of Shree Ganesh Remedies Limited has adopted the following policy with regard to related party transactions ("RPT") pursuant to the provision of section 177, 188 and other applicable provisions of the Companies Act, 2013 and the rules framed thereunder amended from time to time and the Regulation 23 of the Securities and Exchange Board of India (LODR) Regulation, 2015 as amended from time to time and any other laws and regulations as may be applicable to the Company.

2. **Objective**

   The objective of this policy is to set out the materiality threshold for related party transaction (RPT), the manner of dealing with the RPTs, based on the Act, SEBI (LODR) and any other laws and regulations that may be applicable. This forms guidelines for identification of related parties and proper conduct and documentation for all RPTs.

3. **Definition**

**"Act"** shall mean the Companies Act, 2013 read with rules framed thereunder and each as amended from time to time.

**"Arm's length transaction"** between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

**"Audit Committee"** shall mean the Audit Committee constituted by the Board of Director of the Company from time to time, in accordance with the provision of the Act and SEBI LODR.

**"Board"** shall mean the collective body of the director of the company constituted from time to time in line with provisions of section 2(10) of the Companies Act 2013 and SEBI (LODR).

**"Related Party Transaction"** means such Transaction as specified under section 188 of the Act or rules made thereunder and Regulation 2(1) (zc) of the SEBI LODR, including any amendment or notification or thereof as may be applicable.

**"Relative"** means relative as defined under section 2(77) of the Act and rules made thereunder and Regulation 2(1)(zd) of the SEBI LODR as amended from time to time.

**"Material Modification"** of related party transaction shall mean and include any subsequent change to an existing related party transaction, having variance of 20% of the existing limit as sanctioned by the Audit Committee/Board/Shareholders as the case may be;

**"Ordinary course of business"** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and

includes which the Company can undertake as per the Memorandum and Article of Association;
"SEBI LODR" shall mean the Securities and Exchange Board of India (Listing obligation and disclosure requirement) Regulation, 2015 as may be amended from time to time and any circulars, notifications or clarifications issued thereunder from time to time by Securities and Exchange Board of India.

## 4. Materiality Thresholds

A Related Party Transaction shall be considered material in terms of the provision of materiality for RPTs set out under Regulation 23(1) of SEBI (LODR), amended from time to time and the provisions of the Acts or rules framed thereunder, each as amended and applicable to the Company from time to time.

Further, in terms of the Regulation 23(1) of the SEBI (LODR) as amended RPT shall be considered material:

- If the transaction(s) to be entered individually or taken together with previous transactions during a financial year, exceeds Rupees 1000 crore ( one thousand crore) or 10% (ten percent) of the annual consolidated turnover of the Company as per last audited financial statements of the company whichever is lower;
- If 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 transactions during a financial year exceed 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

## 5. Manner of Dealing with Related Party Transaction

All Related Party Transaction must be reported to Audit Committee for its approval in accordance with this Policy read together with Regulation 23 of SEBI (LODR), Section 188 of the Act and rules framed thereunder (each as amended) and any other provision of applicable law:

- **Identification of Related Parties:**
  Each Director and Key managerial personnel is responsible for providing notice to the Board/Audit Committee of any potential Related Party Transaction involving him or her or his Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. The Director and Key Managerial Personnel shall send notice of any potential related party Transaction.

  The Company will keep list of Related Parties in appropriate computer system. Audit Committee may determine the procedure to be followed for declaration as well as compilation and circulation of the comprehensive list of Related Parties and the Company Secretary or the Chief Financial Officer of the Company are authorised to identify and intimate the name of Related Party to the Board/Audit Committee.

- **Identification of Related Party Transaction:**

  The CS or the CFO or the Managing Director of the Company based on the list of identified Related Parties as mentioned above, in accordance with Section 177 and 188 of the Act and Regulation 23 of SEBI LODR will determine whether a transaction constitute a Related Party Transaction requiring Compliance with this policy. The CFO shall contact and discuss with the concerned department/executive of the Company entering into a transaction where such transaction is entered with Related Party based on the list of the Related Party mentioned above and shall determine if such transaction is Related Party Transactions.
  The CFO in discussion with the concerned department entering into a Related Party Transaction shall establish –

  -whether the transaction is at arm’s length?
  -whether the transaction is in the ordinary course of business?
  -whether the transaction is material?

- **Procedure for approval of Related Party Transaction by the Audit Committee:**

  -All the RPTs and any subsequent Material Modifications shall require prior approval of the Audit Committee.
  -Any member of the Audit Committee who has interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.
  -In case of a transaction, other than transactions referred to in section 188 of the Act, it shall make its recommendations to the Board.
  -Only those members of the Audit Committee, who are independent directors, shall approve the RPTs.

- **Omnibus approval of the Audit Committee:**

  The Company may obtain omnibus approval from the Audit Committee for RPTs. Such omnibus approval shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.
  The maximum value of the transaction, in aggregate, which can be allowed under omnibus route in a year will be 25% of the annual consolidated turnover of the Company as per last audited financial statements and maximum value per transaction.

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

- Repetitiveness of the transactions (in past or in future)
- Justification for the need of omnibus approval

Transaction of following nature will not be subject to the omnibus approval of the Audit Committee.

- Transactions which are not at arm's length or not in the ordinary course of business;
- Transactions which are not repetitive in nature;
- Transactions exceeding materiality thresholds as laid down in this policy;
- Transactions in respect of selling or disposing of the undertaking of the Company;
- Financial Transactions e.g. Loan to related parties, Inter Corporate Deposits, Subscription to bond, debenture or preference shares issued by the related parties, corporate guarantee given/ received from related parties.

- **Approval of the Board of Directors**

As per the provision of section 188 of the Act, all kinds of transaction specified under the said section and which are not in the ordinary course of business or at arm's length basis, shall be placed before the Board for its approval. Such approval shall be granted only by means of a resolution passed at a meeting of the Board. The Company may fit consider necessary and shall if the Audit Committee or Board so requires, seek external professional opinion to determine whether a RPT is in ordinary course of business or at arm's length.

In addition to the above, the following kinds of transactions with related parties shall also be placed before the Board for its approval:

-Transactions which may be in ordinary course of business and at arm's length basis but are as per the policy determined by the Board from time to time require Board approval in addition to Audit Committee.

-Transactions in respect of which the Audit Committee is unable to determine whether or not they are in ordinary course of business or are at arm's length basis and decides to refer the same to the Board for approval.

- Transaction which are in ordinary course of business and at arm's length basis but which in Audit Committee's view requires Boards Approvals.

-Transactions exceeding the materiality thresholds laid down in this policy, which are intended to be placed before the shareholders for approval.

- **Approval of the Shareholders:**

  All material Related Party Transaction and subsequent material modification as recommended by the Audit Committee shall require prior approval of the shareholders through resolution. In addition, all kinds of transaction which are not in the Ordinary Course of Business or are not at Arm's length and exceed the materiality thresholds, as defined above and under the Act shall require prior approval of the shareholders. For this purpose, no Related Party shall vote to approve such resolution whether the entity is related party to the particular transaction or not.

- **Transaction with wholly owned subsidiary companies:**
  Approval of the shareholders will not be required in case of transaction entered into between the Company and its wholly owned subsidiary company whose accounts are consolidated with the Company and are placed before the shareholders of the Company at general meeting for approval.

- **Transaction of the subsidiary companies:**
  An RPT to which the subsidiary of our Company is a party but the Company itself is not the party, such a transaction shall require prior approval of the Audit Committee 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 subsidiary company.

  **Exceptions:**

- Prior approval of the Audit Committee of the Company shall not be required for a RPT to which a listed subsidiary of our Company is a party nut our Company is not a party, if Regulation 23 and Regulation 15(2) of SEBI (LODR) are applicable to such listed subsidiary, further, in case of RPT of the unlisted subsidiaries of a listed subsidiary, prior approval of audit committee of the listed subsidiary of the Company shall suffice, if Regulation 23 and Regulation 15(2) of SEBI LODR are applicable to such listed subsidiary.

- Prior approval of the shareholders of the Company will not be required for a RPT to which the listed subsidiary is a party but our Company is not a party, if Regulation 23 and Regulation 15(2) of SEBI LODR are applicable to such listed subsidiary.

  **Exclusions:**

  Notwithstanding the foregoing, the following RPTs shall not require approval of the Board or Shareholders of the Company:

- Any transaction that involves the providing of compensation to a director or key managerial personnel of the Company in relation 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.