



SHETRON LIMITED

THE NAME BEHIND THE NAMES

**RELATED PARTY TRANSACTION
POLICY**

**(Approved on Board Meeting dated 02.02.2015) (Amended at
the Board Meeting held on 29.01.2019)**

(Amended at the Board Meeting held on 08.02.2022)

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RELATED PARTY TRANSACTION POLICY

1. SCOPE AND PURPOSE OF THE POLICY

Related Party Transactions can present a potential or actual conflict of interest which may be against the best interest of the Company and its shareholders. Considering the requirements for approval of Related Party Transactions as prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”) (as amended) and the Companies Act, 2013 (“Act”) (as amended) along with circulars issued thereunder, including any statutory modifications or re-enactments thereof for the time being in force, Shetron Limited (“the Company”) has formulated guidelines for identification of related parties and the proper conduct and documentation of all Related Party Transactions.

Also, Regulation 23 of SEBI LODR requires a company to formulate a policy on materiality of Related Party Transactions and dealing with Related Party Transactions.

In light of the above, Shetron Limited has framed this Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board.

2. OBJECTIVE OF THE POLICY:

The objective of this Policy is to set out (a) the materiality thresholds for Related Party Transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, SEBI LODR and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS:

- ❖ **“Arm’s Length Transaction (‘ALP’)”** means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest. For determination of Arm’s Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

- ❖ **“Board of Directors or Board”** means the collective body of the Directors of the Company;

- ❖ **“Material Related Party Transactions”** means a Related Party Transaction which individually or taken together with previous transactions during the accounting year, exceeds threshold limit as stated hereinafter or such limits as may be prescribed either in the Companies Act, 2013 or the SEBI LODR, as amended from time to time, whichever is stricter.
- ❖ **“Ordinary Course of Business (‘OCB’)**” means a transaction which is:
 - ✓ carried out in the normal course of business envisaged in accordance with the Memorandum of Association (‘MoA’) of the Company as amended from time to time, or
 - ✓ historical practice with a pattern of frequency, or
 - ✓ common commercial practice, or
 - ✓ meets any other parameters / criteria as decided by the Board/Audit Committee.
- ❖ **“Relative”** with reference to any person shall have the meaning as defined in Section 2(77) of the Act read with Rule 4 of the Companies (Specification of Definition Details) Rules, 2014 and the amendments made thereunder from time to time
- ❖ **“Key Managerial Personnel”** in relation to a Company, means, the Chief Executive Officer or the Managing Director or the Manager; the Company Secretary; the Whole-Time Director; the Chief Financial Officer; 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 such other officer as may be prescribed.
- ❖ **“Related Party”**, shall have the same meaning as defined under Section 2(76) of the Companies Act, 2013 and Regulation 2(1)(zb) of the SEBI LODR.
- ❖ **“Related Party Transactions”** shall have the meaning as defined under Regulation 2(1)(zc) of the SEBI LODR or as envisaged in Section 188(1) of the Act from time to time.
- ❖ **“Audit Committee”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Act and the Listing Regulations;
- ❖ **“Transaction”** shall be construed to include single transaction or a group of

transactions in a contract;

- ❖ “**Material Modification**” shall mean and include any modification 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.
- ❖ Any other terms not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI LODR or any other applicable law or Regulation as amended from time to time.

4. POLICY:

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

5. FORMULATION OF POLICY ON MATERIALITY OF RELATED PARTY TRANSACTION

Formulation of Policy on Materiality of Related Party Transactions and on dealing with related party transactions including clear threshold limits duly approved by the Board and such Policy shall be reviewed by the Board at least once in three years and updated accordingly.

6. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS:

1. Shetron Group Companies:

All the companies in Shetron Group will be considered as Related Parties.

2. Key Managerial Personnel and connected Related Parties:

Each Director and Key Managerial Personnel shall disclose to the Company Secretary of the Company its Related Parties. The Board shall record the disclosure of Interest.

The Company shall also identify Related Party Transactions with Directors or Key Managerial Personnel of the holding company/ies or their relatives.

3. The Company will identify the potential transactions with the Related Parties.

7. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS:

Audit Committee:

Every Related Party Transaction and material modifications shall be subject to the prior approval of the Audit Committee whether at a meeting. However, the Audit Committee

may grant omnibus approval for Related Party Transactions proposed to be entered into with the Company which are repetitive in nature and are in the ordinary course of business and on at Arm's Length basis, subject to compliance of the conditions contained in SEBI LODR.

Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction. To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions and/or prescribed under the Companies Act, 2013 and Rules thereunder, and SEBI LODR.

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 shall not require prior approval of the Audit Committee.

Board:

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and the considerations 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.

Shareholders:

All the material Related Party Transactions and subsequent material modifications shall require prior approval of the shareholders through Ordinary Resolution and no Related Party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

8. MATERIAL RELATED PARTY TRANSACTIONS:

A transaction with a Related Party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions

during a financial year, exceeds ten percent of the consolidated annual turnover as per the last audited financial statements of the Company.

9. 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 prior to its consummation, the matter shall be reviewed by the Committee. The 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, revision or termination of the Related Party Transaction. The Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

10. GENERAL PRINCIPLES:

- I. It shall be the responsibility of the Board to monitor and manage potential conflicts of interest of management, board members and shareholders, including abuse in Related Party Transactions.
- II. The Independent Directors of the Company shall pay sufficient attention and ensure that adequate deliberations are held before approving Related Party Transactions and assure themselves that the same are in the interest of the Company.
- III. The CFO of the Company is authorised to issue necessary guidelines/instructions for implementation of this Policy.
- IV. The Audit Committee shall have the following powers with respect to Related Party Transactions:
 - ✓ To seek information from any employee.
 - ✓ To obtain outside legal or other professional advice.
 - ✓ To secure attendance of outsiders with relevant expertise, if it considers necessary
 - ✓ To investigate any Related Party Transaction.
- V. The Company while entering into any Related Party Transaction shall ensure that such Related Party Transaction is in the best interest of the Company and adheres to this Policy.

11. DISCLOSURES:

Details of all material transactions with Related Parties shall be disclosed to stock exchanges quarterly along with the Compliance Report on Corporate Governance. The Company shall disclose the policy on dealing with Related Party Transactions on its website and web-link shall be provided in the Annual Report.

12. AMENDMENTS IN LAW:

Any subsequent amendment/modification in SEBI LODR and/or other applicable laws in this regard shall automatically apply to this Policy.