



Shristi Infrastructure Development Corporation Limited

Related Party Transactions Policy

1. Background

Related Party Transactions (“RPTs”) refer to transactions between a company and its related parties and entities such as subsidiaries, associates, joint ventures, Directors, Key Managerial Personnel and their relatives, or entities owned or controlled by them.

The Companies Act, 2013 puts more responsibility and accountability for the Board of Directors, Audit Committee, Key Managerial Personnel (KMPs) to revamp and/or put systems and processes in place for compliance of legal requirements with regard to execution and approval of RPTs, on a continuous basis. The Securities and Exchange Board of India (“SEBI”) (Listing Obligations and Disclosure Requirements) Regulations, 2015 require the Board of Directors of every listed company to, inter alia, formulate a policy on materiality of related party transactions and on dealing with related party transactions.

2. Legal Framework

- The Companies Act, 2013 (“the Act”)
- Applicable Accounting Standards
- SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (as amended) (“Listing Regulations”)

3. Definitions

“Audit Committee” or “the Committee” refers to the Audit Committee of the Board of Directors of the Company constituted under the provisions of the Act and the Rules framed thereunder, read with the provisions of the Listing Regulations and as reconstituted by the Board from time to time.

“Board of Directors” or “Board” means the Board of Directors of the Company, as constituted from time to time.

“Related Party” means related party as defined in Regulation 2(1)(zb) of the Listing Regulations, which inter alia provides that a “related party” means a related party as defined under

sub-section (76) of Section 2 of the Companies Act, 2013 or under the applicable accounting standards .

Provided that:

- (a) any person or entity forming part of the promoter or promoter group of the listed entity; or
- (b) any person or any entity, holding equity shares:

(i) of twenty percent or more; or
(ii) of ten percent or more with effect from April 1, 2023;
in the listed entity either directly or on a beneficial interests basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate financial year;
shall be deemed to be related party.

“Relative” means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and under Regulation 2(1)(ZD) of SEBI LODR as amended from time to time

“Key Managerial Personnel” means Key Managerial Personnel as defined in sub section (51) of Section 2 of the Companies Act, 2013.

“Associate Company” means a company which has significant influence but which is not a subsidiary of the Company having such influence and includes a joint venture company.

“Significant Influence” means control of at least 20% of the total share capital or of business decisions under an agreement.

“Control” shall include:

- a) The right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders’/voting agreements etc.; or
- b) ownership, directly or indirectly, of more than one half of the voting power of the Company; or
- c) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the Company.

“Related Party Transaction” (‘RPT’) shall mean such transaction as specified under Section 188 of the Act or rules made thereunder and under Regulation 2(1)(ZC) of SEBI LODR, as amended from time to time.

“Specific Related Party Transaction” shall mean any of the following transactions entered into by the Company with any of its Related Parties which are, either not in the ordinary course of business or not on arm’s length basis:

- a. sale, purchases 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 purchases 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.

“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.

“Material Related Party Transaction(s)” means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ₹ 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

“Material Modification(s)” means and include modification to an existing RPTs, in aggregate with a related party, already approved by the Audit Committee, Board, or Shareholders, as the case may be, or such modification as may be decided by the Audit Committee.

“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 & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

“Office or Place of Profit” means any office or place:

- i. where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- ii. where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

“Responsibility Officer” means the Chief Financial Officer (CFO) of the Company. The Board may, where it is considered necessary so to do, appoint such other officer as it may consider proper as such Responsibility Officer(s).

“Applicable Laws” means the Companies Act, 2013 and the rules made thereunder, the Listing Agreement and include any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended from time to time.

4. Policy

All RPTs and subsequent material modifications must be reported to the Audit Committee and referred for prior approval by the Committee in accordance with this Policy.

A RPT to which the subsidiary of a Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten percent of the annual consolidated turnover, as per the last audited financial statements of the Company.

With effect from April 1, 2023, an RPT to which the subsidiary of a Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten percent of the annual standalone turnover, as per the last audited financial statements of the subsidiary company.

With effect from April 1, 2023, the Company 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 Company or any of its subsidiaries.

All Material RPTs and subsequent material modifications under the listing regulations shall require the prior approval of Shareholders through ordinary resolutions and all entities falling under the definition of “related parties” shall abstain from voting on such resolutions pursuant to SEBI LODR.

5. Identification of Related Parties

The Responsibility Officer shall at all times:

- a) Identify and keep on record list of Company’s Related Parties, along with their requisite details.
- b) The Responsibility Officer shall identify such functional heads, departmental heads and such other employees (Designated Employees) who are responsible for entering into contracts/ arrangements/ agreements with entities for and on behalf of the Company and circulate the list of Related Parties to all such Designated Employees of the Company along with the approval thresholds for entering into transactions with such listed Related Parties.
- c) The Responsibility Officer shall also set down the mechanism for reporting of such transactions proposed to be entered or entered with related parties by such Designated Employees as specified in (b) above.
- d) The record of Related Parties shall be updated whenever necessary and shall be reviewed at least once in every six months.
- e) With regard to low value Transactions (all transactions with Related Parties below value of Rs. 1 (one) crore per transaction), internal systems may be created to ensure that the Designated Employees approving the transactions are not related to the contracting parties and alternative approving authorities are put in place.
- f) The Responsibility Officer shall be responsible for implementation and monitoring of the Company’s RPT Policy at all times and submit a half yearly report of the same to the Audit Committee for review.

6. Identification of Potential RPTs

Each Director, KMP and Senior Management Personnel (SMP) is responsible for providing notice to the Board or Audit Committee of any potential RPT involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request.

The Board/Audit Committee will determine whether the transaction does, in fact, constitute a RPT requiring compliance with this Policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

7. Review and Approval of RPTs

I. Audit Committee Approval

RPTs, if any, will be referred to the Audit Committee for review and prior approval, wherever applicable.

The Audit Committee may grant Omnibus Approval for RPTs proposed to be entered into by the Company subject to the following conditions:

- i. It shall lay down the criteria for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of transactions which are repetitive in nature.
- ii. It shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.
- iii. Such omnibus approval shall specify –
 - The name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
 - The indicative base price / current contracted price and the formula for variation in the price if any, and
 - Such other conditions as the Audit Committee may deem fit.

Provided that where the need for RPT 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 (One) crore per transaction.

- iv. It shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- v. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of 1 (one) year.

*Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions (w.e.f 01.01.2022).

Any Member of the Audit Committee who has a potential interest in any RPT will recuse himself or herself and abstain from discussion and voting on the approval of the RPT.

In order to review a RPT, the Audit Committee will be furnished with all relevant material information of the RPT, including 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 determining whether to approve a RPT, the Audit Committee will consider the following factors, among others, to the extent relevant to the RPT

- Name of the related party and the relationship
- Nature and duration of transaction and material terms including the value, if any
- The manner of determining the pricing and whether the terms of the RPT are fair and on arm's length basis to the Company
- Business rationale for such transactions.

II. Board Approval

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section, 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 if it considers necessary and shall if the Audit Committee or Board so requires, seek external professional opinion to determine whether an RPT is in the ordinary course of business and/ or at arms' length.

- In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:
- Transactions which may be in the ordinary course of business and at arm's length basis, but which, as per the Policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
- Material RPTs and subsequent material modifications to such transactions, which are intended to be placed before the shareholders for approval

Where any director is interested in any contract or arrangement with a related party, such director shall not participate during discussions and vote on the subject matter of the resolution related to such contract or arrangement.

III. Shareholder's Approval

If the Audit Committee and the Board determines that a RPT should be brought before the Shareholders, or it is mandatory under any Applicable law for the shareholders to approve a RPT or in case of material RPTs, then such shareholder approval, as may be necessary or appropriate under the circumstances, shall be obtained as follows:

i) All the Material RPTs, any modification to the transaction with Related Parties as per the provisions of the Act, and subsequent material modifications to the transaction with Related Parties as per the provisions of the SEBI LODR, are placed before the shareholders for approval.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business or are not at arm's length basis; and (b) exceed the thresholds laid down in Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, shall be placed before the shareholders for approval.

ii) The requirement for seeking Shareholders' approval shall not be applicable to transactions between the Company and its wholly-owned subsidiary(ies) whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

iii) Further, the requirement for seeking shareholders' approval shall not be applicable for RPTs between the two wholly owned subsidiaries of the Company whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

iv) No related party shall vote to approve such resolutions irrespective of whether the entity is a related party to the particular transaction or not.

v) The following information shall be provided to the shareholders while seeking their approval for RPTs:

- i) A summary of the information provided by the management of the Company to the audit committee
 - ii) Reasons/justification for why the proposed transaction is in the interest of the Company;
 - iii) Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the details specified under:
 - I. details of the source of funds in connection with the proposed transaction;
 - II. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - III. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
 - v. A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- vi) Any other relevant information or such information as may be prescribed under SEBI LODR

8. RPTs not approved under this Policy

In the event the Company becomes aware of a RPT with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the

Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the RPT, and shall evaluate all options available to the Company, including ratification, revision or termination of the RPT. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a RPT that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. The Audit Committee has authority to modify or waive any procedural requirements of this Policy.

This Policy will be communicated to all Directors, KMPs, functional heads and other concerned executives of the Company.

9. Register

The Company shall maintain Registers of RPT(s) in Form MBP 4 or such other form as may be prescribed under the Applicable Laws.

10. Disclosures/Amendment

Pursuant to Section 134(3)(h) of the Companies Act, 2013, particulars of contracts or arrangements with related parties referred to in Section 188 of the Companies Act, 2013 shall be disclosed in the Director's Report in the prescribed format.

The Company shall submit half year 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.

The Company shall disclose the Policy on dealing with Related Party Transactions (RPTs) on its website and a web link thereto shall be provided in the Annual Report of the Company.

The rights to interpret/amend/modify this Policy subject to applicable laws, vests in the Audit Committee/ Board of Directors of the Company. The Board may also establish further rules and procedures, from time to time, to give effect to this Policy.

In case of any conflict between the provisions of this policy and of the SEBI LODR / SEBI Act, 1992 / the Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Acts, rules, regulations or statutory enactments thereof shall prevail over this policy.

Place: Kolkata

Date: August 12, 2023

This Policy has been reviewed by the Audit Committee and approved by the Board at their respective meetings held on August 12, 2023.