



SHARAT INDUSTRIES LIMITED

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ANDHRA PRADESH, 524002

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RELATED PARTY TRANSACTION

**[Terms of Section 188 of Companies Act 2013 and as per Regulation 23 of Securities
Exchange Board of India (Listing obligations and Disclosure of Requirement)
Regulations 2015]**

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RELATED PARTY TRANSACTION POLICY

1. SCOPE AND PURPOSE OF THE POLICY

This Policy is intended to ensure timely identification of a Related Party Transaction ("RPT"), and its salient terms and conditions, detail the approval process, outline the disclosure and reporting requirements thereof, and ensure transparency in the conduct of RPTs, so that there is no conflict of interest.

As per the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations"), SHARAT INDUSTRIES LIMITED ("the Company") has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

This policy is to regulate the transactions between the Company, or its subsidiaries and their Related Parties based on the laws and regulations applicable to the Company.

2. OBJECTIVE

This Policy is framed as per the requirements of Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s) / re-enactment(s) thereof] ("Listing Regulations") and in terms of Section 188 of the Companies Act, 2013 ("the Act") and is intended to ensure proper approval, disclosure, and reporting requirements of transactions between the Company and its Related Parties

The Audit Committee and the Board will review the Policy at least once every three years and may update the Policy accordingly.

The Company is required to disclose each year in the Financial Statements and in the Annual Report transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

3. DEFINITIONS

- a) **“Act”** Means the Companies Act 2013.
- 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”** Constituted by the Board of Directors of the Company under Section 177 of the Companies Act, 2013 and provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and acts as amended time to time.
- d) **“Board”** means the Board Directors of SHARAT INDUSTRIES LIMITED
- e) **“Company”** means SHARAT INDUSTRIES LIMITED
- f) **“Key Managerial Personnel”** as defined under the Companies Act, 2013 means:-
 - i. the Chief Executive Officer or the Managing Director or the Manager;
 - ii. the Company Secretary;
 - iii. the Whole-time Director;
 - iv. the Chief Financial Officer;
 - 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
- g) **“Material Related Party Transaction”** shall have a same meaning as defined under Regulation 23 of the Listing Regulations.
- h) **“Related Party”** will have same meaning as defined under Section 2(76) of the Act and Regulation 2 (1) (zb) of Listing Regulation

- i) **“Relative”** in relation to a Related Party shall have the same meaning as defined under Section 2(77) of the Act.
- j) **“Related Party Transaction or RPT”** shall have the meaning as defined under Regulation 2(1) (zc) of the SEBI Listing Regulations and as envisaged in **Section 188(1) of the Act**

4. MATERIALITY THRESHOLD

Regulation 23 of the Listing Regulations requires a company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of a special resolution.

Contracts / Arrangements with related party shall be considered as “material related party contracts/arrangements if the transactions to be entered into individually or taken together with previous transactions during a financial year under such contracts/Arrangements exceeds the following:

Consolidated Turnover of Listed Entity	Threshold
(I) Up to INR 20,000 Crore	10% of the annual consolidated turnover of the listed entity
(II) More than INR 20,000 Crore to upto INR 40,000 Crore	INR 2,000 Crore + 5% of the annual consolidated turnover of the listed entity above INR 20,000 Crore
(III) More than INR 40,000 Crore	INR 3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above INR 40,000 Crore or INR 5000 Crores, whichever is lower.

5. IDENTIFICATION OF RELATED PARTIES

- i) Each Director and Key Management Personnel shall disclose in Form MBP-1, at the time of appointment, beginning of every financial year and whenever there is any change in the disclosure so made, about all the persons, entities in which he or she is interested, whether directly or indirectly.
- ii) Each director and Key Management Personnel shall provide declaration, at the time of appointment, beginning of every financial year and whenever there is any change in the disclosure so made of:
 - a) Its relative
 - b) Firms in which such Directors or his relative is a partner
 - c) private Companies in which a Director or Manager or his relative is a member or director
 - d) public companies in which a Director or manager is a Director and holds along with the relatives more than 2% of the paid-up share capital

6. IDENTIFICATION OF RELATED PARTY TRANSACTIONS

- i. (i) Every Director/ KMP of the company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting
- ii. Where any Director / KMP, who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, shall disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

- iii. A contract or arrangement entered into by the Company without disclosure or with participation by a Director / KMP who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company
- iv. The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Secretary has adequate time to obtain and review information about the proposed transaction and other matters incidental thereto and to refer it to the appropriate authority for approval
- v. Any Director / KMP who has been convicted of the offense dealing with Related Party Transactions at any time during the last preceding five (5) years shall be disqualified for appointment as Director / KMP, as the case may be.

7. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS

A. Approval of Audit Committee

- i. Unless otherwise permitted under applicable regulations, all the RPTs and subsequent Material Modifications shall require prior approval of the Audit Committee
- ii. The management shall present the list of RPTs before the Audit Committee at the beginning of the year, the following information with respect to all RPT expected to be entered into during the financial year for its approval
 - Name of party
 - Relationship with Related party
 - Approximate rupee value and projected value of transactions
 - Nature of transaction and material terms of transactions.
 - Supporting document
 - Pricing of transaction and whether the same is on arm's length or not
 - In the case of loan to be provided, the aggregate amount of loan and the rate of interest to be payable on such loans

- In the case of guarantees, the aggregate number of guarantees and the commission to be paid on such guarantee.
 - Any other material information regarding the transactions or related party interest in the transaction
 - remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material
- iii. Where the need for related party transaction cannot be foreseen and the details thereof are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 1 crore per transaction. Such transactions shall also be reported to the Audit Committee on a quarterly basis.
- iv. Where, owing to exigencies, Related Party Transactions have been entered into without being placed for prior approval by the Audit Committee, reasoned explanation for the same must be provided to the satisfaction of the Audit Committee. The Audit Committee may ratify such transactions or may put forth the transactions before the Board along with its recommendations and the Board may either ratify such transactions or seek to avoid the same
- v. With effect from 01st April 2023, a Related Party Transaction to which the subsidiary of the Company 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 ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;
- vi. The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee,



whichever is earlier, subject to cap of INR 1 crore per type of the transaction between the related parties

B. Approval of Board

- i. Related Party Transactions which are not in the ordinary course of business or not at arm's length price shall require prior approval of the Board
- ii. Material Related Party Transactions shall require prior approval of the Board.
- iii. No member of the Audit Committee/ Board shall participate in the review or approval of any Related Party Transaction in which such member is interested and that the director / Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee / Board.

C. Approval of Shareholder

All Material-related party transactions and subsequent material modifications shall require prior approval of shareholders by way of a resolution, except for transactions which are between the Company and it's a wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval. Any shareholder who is a related party in the context of such contract or arrangement for which the resolution is being passed shall abstain from voting on the resolution to approve such contract or arrangement.

Any Related Party Transaction for which the Audit Committee has granted omnibus approval, shall continue to be placed before the shareholders of the Company if it is or becomes a Material Related Party Transaction.

Provided further that the omnibus approval granted by the shareholders for material related party transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Companies Act, 2013 or rules, notifications, or circulars issued thereunder from time to time.

Provided further that in case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

8. DISCLOSURE

- a) Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance
- b) The particulars of contracts or arrangement with related parties referred in section 188(1) of the Companies Act 2013 to be disclosed in the Directors Report in Form AOC-2
- c) The Company shall submit to the stock exchanges disclosures of Related Party Transactions in the format as specified by the Securities Exchange Board of India from time to time, and publish the same on its website
- d) The Company shall disclose the policy on dealing with Related Party Transactions on its website and provide a web link of the same in the Annual Report

9. EFFECTIVE DATE:

This policy comes into effect from 10th February 2026.