

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS

INTRODUCTION:

The Board of Directors (the “Board”) of Shri Kalyan Holdings Limited (the “Company”) has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes materiality threshold and the manner of dealing with Related Party Transactions (‘Policy’) in compliance with the regulatory requirements. This amended policy is framed by the Company pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) 2015 which came into effect from **December 1, 2015** (erstwhile Clause 49 of Listing Agreement). This Policy applies to transaction entered into with a Related Party on or after 1st December, 2015, or any modifications effected on or after 1st December, 2015 to subsisting transactions with Related Parties.

POLICY OBJECTIVE

This Policy is intended to ensure due and timely identification, approval, disclosure reporting and transparency of transactions between Company and any of its Related Parties in compliance with the applicable laws and regulations, as may be amended from time to time.

DEFINITIONS

- a) **“Act”** shall mean the Companies Act, 2013 and the Rules framed there under, including any modifications, clarifications, circulars or re-enactment thereof.
- b) **“Arms Length basis”** means a transaction between two related parties that is conducted as if they were 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.
- c) **“Audit Committee or Committee”** means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of the Companies Act 2013 and the Regulations.
- d) **“Board or Board of Directors”** shall mean the Board of Directors of Shri Kalyan Holdings Limited.
- e) **“Company”** means Shri Kalyan Holdings Limited.
- f) **“Key Managerial Personnel”** shall mean key managerial personnel as defined in sub-section (51) of Section 2 of the Companies Act, 2013.
- g) **“Material Related Party Transaction”** 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 ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, or such limits as may be prescribed either in the Companies Act, 2013 or the Listing Regulation, whichever is stricter, from time to time.

- h) **"Policy"** means Policy on materiality of Related Party Transactions and dealing with Related Party Transactions.
- i) **"Related Party"** means a person or an entity:
- i. which is related party under section 2(76) of the Companies Act, 2013; or
 - ii. Such entity is a related party under the applicable accounting standards.
- j) **"Related Party Transaction (RPT)"** means a transaction between the company and a Related Party which transaction is of the nature specified in sub clause (a) to (g) of Section 188(1) of the Companies Act, 2013, or is a related party transaction as understood under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) 2015.
- k) **"Relative"** means relative as defined under the Companies Act, 2013 and, 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. Father (including step-father);
 - iv. Mother (including step-mother);
 - v. Son (including step-son);
 - vi. Son's wife;
 - vii. Daughter;
 - viii. Daughter's husband;
 - ix. Brother (including step-brother);
 - x. Sister (including step-sister);
 - xi. one person is related to the other in such manner as may be prescribed under the Companies Act, 2013.
- l) **"Regulations"** shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof.

All other words and expressions used but not defined in this Policy, but defined in Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

KEY PRINCIPLES

A. Materiality Thresholds for RPTs

Nature of Transactions	Materiality as per Companies Act, 2013 (A)	Materiality as per SEBI LODR (B)
sale, purchase or supply of any goods or materials;	amounting to ten percent or more of the turnover of the company	
selling or otherwise disposing of, or buying, property of any kind;	amounting to ten percent or more of net worth of the company	
leasing of property of any	amounting to ten per cent or	

kind;	more of the turnover of the company	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 ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.
availing or rendering of any services;	amounting to ten percent or more of the turnover of the company	
appointment of any agent for purchase or sale of goods, materials, services or property;	amounting to ten percent or more] of the turnover	
such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and	a monthly remuneration exceeding two and a half lakh rupees	
underwriting the subscription of any securities or derivatives thereof, of the company:	exceeding one percent.of the net worth	

Net worth and turnover would be as per Audited accounts of preceding financial year.

Company has entered into RPT with Related Party of the amount of Rs. 1,80,000/- (Rupees One Lac Eighty Thousand Only) per annum which is approved in the Board Meeting held on 28.05.2015.

The Company has defined Material RPTs basis the thresholds defined in the Companies Act 2013 and Regulation 23 of the SEBI LODR Regulations.

IDENTIFICATION OF RELATED PARTIES:

The Company Secretary, based on the declarations provided by the Directors and Key Managerial Personnel and also based on the corporate structure shall prepare a list of all persons who shall be considered as related parties with reference to the Company.

IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS:

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction 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 Audit Committee would determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION

All Related Party Transactions shall require prior approval of Audit Committee. 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 lay down the criteria for granting the 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 satisfy itself on the need for such omnibus approval and that such approval is in the interest of the company;
- c) Such omnibus approval shall specify the following:
 - 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 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.

The Audit Committee may not approve a transaction but may make appropriate recommendations to the Board.

A transaction, amounting upto Rs. 1 Crore, entered by a director, key managerial personnel or any other officer of the Bank, on whose directions or instructions the Board of Directors or director(s) are accustomed to act, without obtaining approval of the Audit Committee would be voidable at the option of the Audit Committee, unless it has been ratified by the Audit Committee.

- d) Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the company pursuant to each of the omnibus approval given.
- e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

BOARD OF DIRECTORS

The Board shall consider and approve the RPT as required to be approved under the Act or rules made thereunder and/or SEBI Regulations and/or transactions referred to it by the Audit Committee.

SHAREHOLDERS' APPROVAL

- a) All the Material RPTs shall require approval of the shareholders (unless exempted pursuant to SEBI Regulations). All Related Parties shall abstain from voting on such resolution irrespective of whether the entity is a party to a particular transaction or not.
- b) The transactions which fall under Section 188 of the Act which are not in the ordinary course of business and / or not an Arms' length basis and which crosses the threshold limits prescribed under the rules made thereunder, shall require approval of the shareholders. Only the concerned Related Parties, with whom transactions are being entered into, shall abstain from voting on such resolution.

DECISION REGARDING TRANSACTION IN THE ORDINARY COURSE OF BUSINESS AND AT ARM/S LENGTH BASIS

“Ordinary course of business” would include usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities which the Company can undertake as per Memorandum & Articles of Association. The Audit Committee or the Board shall, in respect of the RPTs referred to them for approval and after considering the matter placed before them, shall judge if the transaction is the ordinary course of business and at arm’s length basis. In case the Audit Committee is not able to arrive at such a decision, it may seek advice from any outside specialist(s) / professional(s) from the relevant field in helping them to arrive at a decision.

POST FACTO CONSIDERATION OF RELATED PARTY TRANSACTIONS

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy, 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. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy. This Policy will be communicated to all operational employees and other concerned persons of the Company.

APPLICABILITY:

This Policy, duly approved by the Board of Directors on 06th November, 2015, shall be applicable with effect from the 1st day of December, 2015 and any future amendments / modifications shall take effect from the date stated therein.

The Policy is to be disclosed on the website of the Company and a web link of the same will be provided in the Annual Report.