



**Policy on dealing with  
Related Party Transactions**

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V0	

**Sresta Natural Bioproducts Limited**  
CIN: U01122TG2004PLC042837

## **Policy on dealing with Related Party Transactions**

### **1. Preamble**

The Board of Directors (the “Board”) of Sresta Natural Bioproducts Limited (“Sresta” or “the company”) has adopted the following policy and procedures with regard to related party transactions as defined below. The Audit Committee will review and may amend this policy from time to time. This policy is to regulate, ensure the proper approval and reporting of transactions between the company and its related parties based on the applicable laws and regulations and also provides for materiality of related party transactions. It may be noted that this policy is in line with requirements of Section 188 of the Companies Act, 2013 (“Companies Act”) along with the rules made thereunder.

This policy is framed as per requirement of SEBI Listing Obligations and Disclosure Requirements (LODR) and is intended to ensure the governance and reporting of transactions between the company and its related parties. Regulation 23 of the SEBI (LODR) Regulations, 2015 mandates every listed company to formulate a policy on “materiality of Related Party Transactions and on dealing with Related Party Transactions.”

### **2. Definitions**

**“Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under provisions of LODR and Section 177 of the Companies Act.

**“Board”** means Board of Directors of the company.

**“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 which is as follows:

“control” includes 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 agreements or voting agreements or in any other manner.

Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position.

**“Key Managerial Personnel”** means Key Managerial Personnel as defined under Section 2(51) of the Companies Act and the Rules made thereunder.

**“Policy”** means Related Party Transaction Policy as amended from time to time.

**“Related Party”** shall have the same meaning, as assigned to it in LODR which is as follows:

- i. Such entity is a related party under Section 2(76) of the Companies Act; read with relevant rules made thereunder (or)
- ii. such entity is a related party under the applicable accounting standards.

**“Related Party Transactions”** means a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

**“Relative”**, 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. one person is related to the other in such manner as may be prescribed, which is as follows:
  - a. Father (including step-father)
  - b. Mother (including step-mother)
  - c. Son (including step-son)
  - d. Son’s wife
  - e. Daughter
  - f. Daughter’s husband
  - g. Brother (including step-brother)
  - h. Sister (including step-sister)

The words and expressions used and not defined in this policy but defined in the Companies Act or in clauses of the LODR shall have the meanings respectively assigned to them in the Act/ Rules and Regulations.

### **3. Policy**

#### **3.1. Whether a related party transaction is in the ordinary course of business and on arm's length basis**

The Audit Committee or the Board shall, in respect of the related party transactions provided to them for approval after considering the materials placed before them, evaluate if such transactions are in the ordinary course of business and at an arm's length basis. In case the Committee is not able to arrive at such a decision, the same shall be referred to the Board, which shall decide if the transaction is the ordinary course of business and at an arm's length basis.

#### **3.2. Identification of related party transactions**

Each director and Key Managerial Personnel is responsible for providing notice to the Company Secretary of any potential related party transaction involving him/her or his or her relative, including any additional information about the transaction that the Board/ Committee may request, for being placed before the Audit Committee and the Board. The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction, does in fact, constitute a related party transaction 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 Committee/ Board has adequate time to obtain and review information about the proposed transaction.

#### **3.3. Material Related Party Transactions**

As prescribed in LODR a transaction with a related party shall be considered material if the transaction/ transactions to be entered into individually or taken with previous transactions during a financial year exceed **ten percent of the annual consolidated turnover** of the company as per the latest audited financial statements of the company.

#### **3.4. Review and Approval of Related Party Transactions**

##### **3.4.1. Audit Committee**

All Related Party Transactions must be reported to the Audit Committee and referred for an approval by the Committee in accordance with this Policy. Also, all related party transactions shall be approved by the Committee **before** entering into such transactions.

However, the Committee may grant omnibus approval for proposed related party transactions in accordance with LODR.

To review a related party transaction, a report will be provided to the Committee with all relevant material information of the related party transactions, including the following:

- i. the name of the related party and the nature of relationship;
- ii. the material terms of the transaction including value;
- iii. the manner of determining the pricing and any other commercial terms, both included as part of the contract/agreement and not considered as part of the contract/agreement; and
- iv. any other relevant information for the Committee to take a decision on the proposed transaction.

Further, while approving a related party transaction, the following factors, to the extent relevant, shall be considered by the Committee:

- i. whether the company was notified about the related party transaction before its commencement;
- ii. If pre-approval was not sought, reasons for the same and whether subsequent ratification is possible and whether it would be detrimental to the company.
- iii. whether the terms of the related party transactions are fair and would apply on the same basis if the transaction did not involve a related party;
- iv. whether the proposed transaction includes any likely risks that may arise as a result of or in connection with the proposed transaction; and

- v. whether there are any appropriate economic reasons for the company to enter into the related party transaction if the transaction is not on arm's length basis or not in the ordinary course of business.

If the transactions are not in the ordinary course of business or not on an arm's length basis, the Committee shall refer the transaction to the Board or the Shareholders (if the threshold under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 is not met) for their approval of the transaction.

The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23(3) of the Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

#### **3.4.2. Board of Directors**

If the Committee opines that a related party transaction should be bought before the Board, or if the Board in any case suo-moto wishes to review any related party transaction, or it becomes mandatory by law for the Board to approve the transaction, then the Board shall consider and review the related party transaction in its meetings in line with the considerations as required for the Committee to approve a related party transaction.

#### **3.4.3. Shareholder's approval**

Any transactions with the related party, which is not on an arm's length or not in the ordinary course of business, or if the threshold as mentioned in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 are not met, then the same would require the approval from the Shareholders through a special resolution passed in the General Meeting. All material related party transactions as detailed in paragraph 3.3 of this policy shall require approval of the shareholders by way of a special resolution.

If a Related Party Transaction is a material transaction as per Regulation 23 of the Listing Regulations, it shall require shareholders' approval by a special resolution.

Further, the related parties who are interested in such a transaction and all entities falling under the definition of related party whether the entity is a part to the particular transaction or not, shall, abstain from voting on such resolutions.

### **3.5. Related Party Transactions not approved under this policy**

In the event the Company subsequently becomes aware of a related party transaction that has not been approved under this policy, the matter shall be reviewed by the Committee. The Committee shall consider the relevant facts and circumstances regarding such related party transactions and shall assess possibilities available to the company including ratification or immediate termination of the related party transaction.

The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take such actions it deems appropriate to address the failure in its internal mechanism for monitoring related party transaction.

### **4. Transactions not covered under this Policy**

Notwithstanding the foregoing, the following related party transactions shall not require approval of Audit Committee or Shareholders:

- a. Directors' or Key managerial personnel's remuneration/ compensation:** Any transaction involving the remuneration or compensation to a director in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of business and travel expenses incurred in the ordinary course of business.
- b. Charitable contributions/ transactions by the company:** Any charitable contribution, grant or endowment by the company in accordance with the company's adopted policy to any trust, society, foundation or university where a related person is a trustee or on the advisory board of such institutions.
- c. Transactions where all shareholders receive proportional benefits:** Any transaction in which the related party's interest arises solely from ownership of securities issued by the company and all holders of such securities receive the same benefits pro-rata as the related party.

**5. Communication**

This policy shall be communicated to all operational employees and other concerned persons of the company.

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