

## SUBSIDIARY & RELATED PARTY TRANSACTIONS POLICY

### 1. Preamble:

It is the policy of the Board of Directors (the "Board") of Shree Nidhi Trading Co. Limited (the "Company") that all Related Party Transactions, as that term is defined in this policy, shall be subject to review in accordance with the procedures set forth below. The Board has determined that the Audit Committee (the "Committee") is best suited to review all Related Party Transactions and also review the financial statements, in particular, the investments made by the unlisted subsidiary Company on an annual basis.

Companies Act, 2013 (2013 Act), places a lot of emphasis on Related Party Transactions (RPT's). Provisions of the 2013 Act along with the relevant Rules governing RPT's have come into effect from April 1, 2014.

Revised Clause 49 (Clause 49) under the Equity Listing Agreement also provides additional requirements for RPTs & Material Subsidiary and comes into effect from October 1, 2014. Inter-alia it mandates the listed companies to frame Policy to determine material subsidiaries and Policy on materiality of related party transactions.

### 2. Definitions:

- ❖ **"Audit Committee or Committee" means "Audit Committee"** constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges and The Companies Act, 2013.
- ❖ **"Board of Director" or "Board"** means the Board of Directors of Shree Nidhi Trading Co. Limited, as constituted from time to time.
- ❖ **"Company"** means a company incorporated under the Companies Act, 2013 or under any previous company law.
- ❖ **"Policy"** means Policy on Related Party transaction & Material Subsidiary.
- ❖ **"Subsidiary"** shall be as defined under the Companies Act, 2013 and the Rules made thereunder.
- ❖ All other words, terms and phrases referred and not defined herein, shall have the same meaning as defined under Companies Act, 2013 and Clause 49 of the Listing Agreement (as amended vide circulars dated April 17, 2014 & September 15, 2014 and effective from 1st Oct, 2014).

### 3. Policy for Determination of and Dealing with 'Material' Subsidiary:

- I. A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:

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- In which the Investment of the Company/Proposed Investment, exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or
  - Which have generated twenty per cent of the consolidated income of the Company during the previous financial year.
- II. One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.
- III. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company on an annual basis.
- IV. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company on an half yearly basis.
- V. The management shall on a half yearly basis bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.
- VI. The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Non Listed Indian Subsidiary.

### **4. Policy for Determination of and Dealing with 'Material' Related Party Transaction:**

Under this Policy, the Company is framing the Policy to determine, which transactions with the related parties are to be considered as 'Material Related Party Transactions'. For this purpose, the Company will follow the criteria indicated in Clause 49 of the Listing Agreement.

Management shall present to the Audit Committee the following information, to the extent relevant, with respect to actual or potential Related Party Transactions:

- A general description of the transaction(s), including the material terms and conditions.
- The name of the Related Party and the basis on which such person or entity is a Related Party.
- The Related Party's interest in the transaction(s), including the Related Party's position or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction(s).
- Any other material information regarding the transaction(s) or the Related Party's interest in the transaction(s).

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The Committee shall be authorized to review in advance and provide standing pre-approval in advance for certain Related Party Transactions or categories of Related Party Transactions. The Committee has reviewed the Related Party Transactions described below in “Standing Pre-Approval for Certain Related Party Transactions” and determined that each of the Related Party Transactions described therein shall be deemed to have been reviewed and approved in advance by the Committee under the terms of this Policy.

Each director who is a Related Party with respect to a particular Related Party Transaction shall disclose all material information to the Committee concerning such Related Party Transaction and his or her interest in such transaction. The Audit Committee or the Board of Directors may recommend the creation of a special committee to review any Related Party Transaction.

The Audit Committee periodically shall review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate. In addition to guidelines for ongoing Related Party Transactions, the Audit Committee may, as it deems appropriate and reasonable, establish from time to time guidelines regarding the review of other Related Party Transactions

### **5. Disclosures:**

The Policy for determining material subsidiaries is to be disclosed to the Stock Exchange, as per the provisions of laws in force. The policy shall also be uploaded on the website of the Company at [www.shreenidhitrading.com](http://www.shreenidhitrading.com).

### **6. Amendments on Policy:**

The Board of Directors of the Company has adopted the Policy and procedure with regard to determining Material Subsidiaries as required under Clause 49 of the Listing Agreement.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.