

SHREE HARI CHEMICALS EXPORT LIMITED

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

I. OBJECTIVE

The Company understands that certain transactions with related parties may lead to a potential conflict of interest and it is of utmost importance that such transactions adhere to the applicable laws for the time being in force and are subjected to strict scrutiny and procedural compliance in concurrence with the best corporate governance practices. This Policy aims to ensure compliance of the applicable provisions of the Companies Act, 2013 & Rules made thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or re-enacted from time to time and such other regulatory provisions as maybe applicable, which relate to the identification of the Related Parties and governance & approval of the Related Party Transactions (RPTs), wherever required.

II. DEFINITIONS

- (a) **“Arm’s Length Transaction”** shall mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- (b) **“Companies Act”** means Companies Act, 2013, as amended and the rules notified thereunder.
- (c) **“Company”** shall mean Shree Hari Chemicals Export Limited
- (d) **“Key Managerial Personnel(“KMP”)** shall have the meaning as defined under Regulation 2(1)(o) of the SEBI Listing Regulations read with Section 2(51) of the Companies Act, 2013, each as amended from time to time and includes any person so authorized and designated by the Board of Directors of the Company as KMP.
“Material Modifications” means Related Party Transaction, having variance of 10% of the existing limit or Rs. 5 crore whichever is lower as defined by the audit committee of the company. *Note: Only the audit committee of the company shall define “material modifications”.*
- (e) **“Ordinary Course of Business”** shall mean and include 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.
- (f) **“Related Party(ies)”** shall have the meaning as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations, as amended from time to time.
- (g) **“Related Party Transaction”** shall have the meaning as defined under Section 188 of the Act read with Regulation 2(1)(zc) of the SEBI Listing Regulations, as amended from time to time.
- (h) **“Relative”** shall mean such person as defined in Section 2(77) of the Companies Act and rules prescribed there under.
- (i) **Subsidiary(ies)** shall mean a subsidiary(ies) as defined under the Companies Act, 2013 as amended from time to time.
- (j) **“Unlisted Subsidiary(ies)”** means Subsidiary(ies) of the Company whose securities are not listed on any recognized stock exchanges.

Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI Listing Regulations or any other applicable law or regulation, each as amended.

III. MATERIALITY THRESHOLD

Transactions between the Company and Related Parties shall be entered into in the manner that is compliant with the applicable provisions of the Companies Act and SEBI LODR Regulations.

SHREE HARI CHEMICALS EXPORT LIMITED

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

Materiality threshold:

The following transactions with the Related Party(ies) shall be treated as “Material”:

- any transaction(s) to be entered into individually or taken together with previous transactions during a financial year which exceeds the thresholds specified in Schedule XII of SEBI LODR Regulations or such sum as may be prescribed under the Companies Act or SEBI LODR Regulations, as amended from time to time;
- any transaction involving payments to a related party with respect to brand usage or royalty entered into individually or taken together with previous transactions during a financial year which exceeds 5% of the annual consolidated turnover of the Company as per the last audited consolidated financial statements of the Company or such sum as may be prescribed under the Companies Act or SEBI LODR Regulations, as amended from time to time.

IV. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

The Company shall not enter into any Related Party Transaction unless it is approved by the appropriate authority. The table below lists the approval matrix applicable to such transactions:

Nature of Transaction	Approval
All transactions with Related Parties and subsequent Material Modifications	Audit Committee
Related Party Transactions as defined under Section 188(1) of the Companies Act, which are not in the Ordinary Course of Business (OR) not at arm’s length	Board
Related Party Transactions meeting the materiality thresholds (regardless of whether they are in the ordinary course and/or on arm’s length basis)	Board and Shareholders*

* subsequent Material Modifications to the Related Party Transactions would require prior approval of the shareholders.

(a) Approval of the Audit Committee

- (i) All Related Party Transactions and subsequent Material Modifications shall be placed before Audit Committee for its prior approval, as required under the provisions of the Companies Act and SEBI LODR Regulations. Only members of the Audit Committee of the Company, who are independent directors, shall approve Related Party Transactions.
- (ii) The Company shall provide all information, as mandated by SEBI under its circulars and RPT Industry Standards formulated by Industry Standards Forum (“ISF”) (as may be modified from time to time), for review by the Audit Committee for the purposes of approval of a proposed Related Party Transactions.
- (iii) In the event of a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of the Company is a party but the Company is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the Company shall be obtained if the value of such transaction exceeds the lower of the following:
 - (i) ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
 - (ii) the threshold for material related party transactions of the company as specified in Schedule XII of SEBI LODR Regulations.

SHREE HARI CHEMICALS EXPORT LIMITED

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

Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.

- (iv) The prior approval of the Audit Committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and of regulation 15(2) of SEBI LODR regulations are applicable to such listed subsidiary.

For related party transactions of unlisted subsidiaries of a listed subsidiary of the Company, the prior approval of the audit committee of the listed subsidiary shall suffice.

- (v) However, the Company may obtain omnibus approval from the Audit Committee of the Company and /or its subsidiaries for such transactions, subject to compliance with the following conditions:

- 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;
- The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;
- The omnibus approval shall specify:
 - the name(s) of the related party(ies), nature of transaction(s), period(s) of transaction(s), maximum amount(s) of transaction(s) that shall 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.

- (vi) Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1,00,00,000 (Rupees one crore) per transaction.

- (vii) The Audit Committee shall review, at least on a quarterly basis, the details of the Related Party Transactions entered into by the Company and/or its Subsidiaries pursuant to each of the omnibus approvals given.

- (viii) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

- (ix) 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 the following conditions:

- the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- the transaction is not material;
- rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- the details of ratification shall be disclosed along with the disclosures of related party transactions;
- any other condition as specified by the audit committee.

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

SHREE HARI CHEMICALS EXPORT LIMITED

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

- (x) In case of a transaction, other than transactions referred to in Section 188 of the Companies Act and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board.
- (xi) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertakings of the Company.

(b) Approval of the Board

All transactions specified under Section 188 of the Companies Act, which are not in the Ordinary Course of Business and/ or not on arm's length basis, would mandatorily be required to be placed before the Board for its consideration and approval.

In addition to the above, the following kinds of transactions with Related Parties shall also be placed before the Board for its approval:

- (i) 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 arm's length basis and decides to refer the same to the Board for its consideration and approval;
- (ii) Transactions which are in the Ordinary Course of Business and at arm's length basis, but for which in the Audit Committee's view require Board's approval;
- (iii) Transactions meeting the materiality threshold laid down in the Companies Act and SEBI LODR Regulations read with rules made thereunder and in compliance with SEBI Circulars and RPT Industry Standards norms as amended time to time which is intended to be placed before the Shareholders for approval;
- (iv) Transactions in respect of selling or disposing of the undertaking of the Company;
- (v) Transactions which are not repetitive in nature.

(c) Approval of the Shareholders

- (i) All the transactions with Related Parties meeting the materiality threshold, laid down the Companies Act and SEBI LODR Regulations read with rules made thereunder and in compliance with SEBI Circulars and RPT Industry Standards norms as amended time to time, shall be placed before the Shareholders for prior approval.
- (ii) All kinds of transactions specified under Section 188 of the Companies Act which exceeds the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 shall be placed before the Shareholders for its prior approval.
- (iii) In addition to the requirements of the Companies Act, the Company shall provide all information, as mandated by SEBI under its circulars and RPT Industry Standards formulated by Industry Standards Forum ("ISF") (as may be modified from time to time), for review by the shareholders for the purposes of approval of a proposed Related Party Transactions.

V. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of any Transaction 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 Committee shall consider all 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 said 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 failure of the internal control systems and shall take any such action it deems appropriate.

SHREE HARI CHEMICALS EXPORT LIMITED

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

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

VI. TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL

The following Related Party Transactions shall not require prior approval of Audit Committee or Board or Shareholders, unless the Companies Act or Listing Regulations require otherwise:

- (a) Any transaction(s) between the Company and its wholly owned subsidiary(ies) whose accounts are consolidated with the accounts of the Company and placed before the Shareholders at the general meeting for approval.
- (b) Any transaction that involves payment of compensation to a Director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates including the reimbursement of reasonable business and travel expenses incurred in the Ordinary Course of Business.
- (c) 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.
- (d) Remuneration and sitting fees paid by the Company or its subsidiary to its director, KMPs or senior management, except who is part of promoter or promoter group, shall not require approval of Audit Committee, provided it is not material as per materiality threshold.

VII. DISCLOSURE

- (a) The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Companies Act with the Related Parties, which are not in Ordinary Course of Business or not at arm's length basis along with the justification for entering into such transaction in the prescribed form.
- (b) The details of Material Related Party Transactions will be included in the corporate governance reports which are required to be submitted to the stock exchanges on a quarterly basis. Further, the Company shall disclose this Policy on its website and a web link thereto shall be provided in the annual report of the Company.
- (c) The Company shall submit the 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.
- (d) The Company shall submit to the stock exchanges disclosures of Related Party Transactions in the format as specified by SEBI from time to time, and publish the same on its website at www.shreeharichemicals.in. The Company shall make such disclosures every 6 months (in the format prescribed by SEBI under its circular as amended time to time) on date of publication of its standalone and consolidated financial results. Further, the remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure to Stock Exchanges provided that the same is not material as per materiality threshold.

SHREE HARI CHEMICALS EXPORT LIMITED

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

VIII. CONFLICT IN POLICY

In the event of any conflict between the provisions of this Policy and the SEBI regulations or the Companies Act or any other statutory enactments, rules, the provisions of such SEBI regulations or the Companies Act or statutory enactments, statutory provisions shall prevail over this Policy.

IX. AMENDMENT

Any subsequent amendment/ modification in the Companies Act, SEBI LODR Regulations and/or other applicable laws in this regard shall automatically apply to the Policy.

X. REVIEW

This Policy shall be reviewed by the Board at least once every three years or within a lesser time period as the Board may deem fit.

The policy shall come into force w.e.f. January 31, 2026.