



**SHILP  
GRAVURES  
LIMITED**

## **RELATED PARTY TRANSACTION POLICY**

### **1. PURPOSE:**

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This Policy is prepared in accordance with the requirements of the provisions of Clause 49 (VII) (C) of the Listing Agreement. This Policy deals with materiality of related party transactions and also on the dealing with related party transactions.

Shilp Gravures Limited (“the Company”) understands that related party transactions entered into by the Company can present potential or actual conflict of interest and may raise questions about whether such transactions are consistent with the Company’s and its shareholder’s best interests. Therefore, the Company has formulated this policy on materiality of Related Party Transactions and on dealing with Related Parties (“**RTP Policy**”).

### **2. DEFINITIONS:**

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“**Arm’s length transaction**” means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company under the Regulations.

“**Board of Directors**” or “**Board**” means the Board of Directors of Shilp Gravures Ltd., as constituted as per the Regulations.

“**Key Managerial Personnel**” or “**Key Management Personnel**” means Key Managerial Personnel (‘KMP’) as defined in section 2(51) of the Cos Act 2013 and the Rules made thereunder which include (i) the Chief Executive Officer or the Managing Director or the Manager (ii) the Company Secretary (‘CS’); (iii) the Whole-time Director; and (iv) the Chief Financial Officer (‘CFO’) and (v) such other officer as may be prescribed.

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<sup>1</sup> RPT which require compliance with other provisions of the Cos Act 2013 (other than Section 188 of the Cos Act 2013), or any other applicable laws will be complied by the Company and are not covered in this policy.



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**“Material related party transactions”** is RC 49 Related Party Transaction which individually or taken together with previous RC 49 Related Party Transactions with such Related Party exceeds 10% (Ten Percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

**“Ordinary Course of Business”** means a transaction which is carried out in the normal course of business envisaged in accordance with the Memorandum of Association, Articles of Association or any other applicable factors like market conditions, industry practices etc.

**“Policy”** means Related Party Transaction Policy

**“Related Party”** under RC 49 of the Listing Agreement means an entity which

- i) is a related party under Section 2(76) of the Companies Act, 2013 or any amendments made thereof; or
- ii) is a related party under the Accounting Standard 18 (AS 18) “Related Party Disclosures or any amendments made thereof”

**“Related Party”** under Section 2(76) of Cos Act is defined as follows:

- i) a director or his relative;
- ii) a key managerial personnel or his relative;
- iii) a firm, in which a director, manager or his relative is a partner;
- iv) a private company in which a director or manager or his relative<sup>2</sup> is a member or director;
- v) a public company in which a director or manager is a director and<sup>3</sup> holds along with his relatives, more than two per cent of its paid-up share capital;
- vi) anybody corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;



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- viii) any company which is—
- a. holding, subsidiary or an associate company (includes joint venture) of such company; or
  - b. subsidiary of a holding company to which it is also a subsidiary;
- ix) Director, other than an independent director, or Key Managerial Personnel of the holding company or his relative shall be deemed to be related party.<sup>4</sup>

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<sup>2</sup> As per The Companies (Removal of Difficulties) Sixth Order, 2014 dt. 24 July 2014

<sup>3</sup> As per The Companies (Removal of Difficulties) Fifth Order, 2014 dt. 9 July 2014

<sup>4</sup> As amended by Companies (Specification of definition details) Rules, 2014

**“Related Party” under Accounting Standard 18 is defined as follows:**

- i) enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries);
- ii) associates and joint ventures of the reporting enterprise and the investing party or venture in respect of which the reporting enterprise is an associate or a joint venture;
- iii) individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual;
- iv) key management personnel and relatives of such personnel; and
- v) enterprises over which any person described in (iii) or (iv) is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

**“Relatives” under section 2(77) of the Cos Act and the Rules thereunder is defined as follows:**

Relative, with reference to any person, means anyone who is related to another, if—

- i) they are members of a Hindu Undivided Family;



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- 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)

**“Related Party Transaction”** (‘RPT’) means all the transactions between the Company on one hand and one or more related party/ parties on the other hand including contracts, arrangements and transactions as envisaged in Section 188(1) of the Cos Act and/ or RC49 of the Listing Agreement.

### **3. IDENTIFICATION OF RELATED PARTIES:**

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- ❖ On an annual basis, the CS shall request a disclosure from each Director and each KMP and other related party/ parties within the meaning of section 2(76), 184 and 189 of the Cos Act 2013 and RC 49 of the Listing Agreement in the prescribed format as specified in the regulations.
- ❖ Directors and KMP's would be responsible for promptly notifying the CS in case of any changes/ updates occurring in the related party/ parties and in respect of details pertaining to such related parties declared by them.
- ❖ Any individual appointed/ elected as a Director or KMP shall be responsible to promptly complete and submit to the CS, the disclosure declaration referred above.



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- ❖ The CS shall be informed in advance regarding RPT who shall put up or present the same to the Audit Committee/Board for its review and approval.

### **4. REVIEW & APPROVAL OF RELATED PARTY TRANSACTIONS:**

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In terms of this RPT Policy, either the Company or the persons authorized by the Board in accordance with this RPT Policy may enter into any RPT:

#### **I. AUDIT COMMITTEE**

- ❖ All transactions which are identified as RPT shall require prior approval of the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the RPT(s) for its approval.
- ❖ The Audit Committee may grant omnibus approval to the RC 49 RPT proposed to be entered into by the Company, subject to the following criteria :-
  - i) The transactions are repetitive in nature;
  - ii) Such omnibus approval is required in the interest of the Company;
  - iii) Such omnibus approval shall specify :-
    - a. the name(s) of the related parties
    - b. nature of transaction
    - c. period of transaction
    - d. maximum amount of transaction, that can be entered into
    - e. the indicative base price / current contracted price and the formula for variation in the price, if any, and
    - f. such other conditions as the Audit Committee may deem fit;

Provided that where the need of RC 49 RPT cannot be foreseen and the 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.

- ❖ All the omnibus approval(s) so obtained shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of a year.



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- ❖ The Audit Committee shall on quarterly basis review the RPT, including the omnibus approvals granted.
- ❖ Transactions which are proposed at a variation from the omnibus approval will be place before the audit committee for appropriate action including amending the criteria basis which the omnibus approval was granted or granting a specific approval.
- ❖ Any member of the Committee who has a potential interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction.

### **II. BOARD OF DIRECTORS**

- ❖ All RPTs which are not in Ordinary Course of Business or not at Arm's Length or both will additionally require prior approval of Board of Directors.
- ❖ Any member of the Board who has any interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the RPT.

### **III. SHAREHOLDERS**

- ❖ All Material RPT as per the Cos Act, 2013 or as per the RC 49 and / or the transactions that exceeds certain thresholds as prescribed under the Cos Act, 2013 (as amended from time to time) will additionally require approval of shareholders through special resolution
- ❖ Any Member of the Company, who is a related party, shall not vote on resolution passed for approving such RPT.

### **5. RPT NOT APPROVED UNDER THIS POLICY:**

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In the event, the Company becomes aware of a RPT that has not been approved in accordance with this policy prior to the consummation of such transaction; the matter shall be reviewed by the Audit Committee. Audit Committee shall consider all of the relevant facts and circumstances regarding the related party transaction, and shall evaluate all the options



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available to the Company, including ratification, revision or termination of the related party transaction.

Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Audit Committee under this policy, and shall take any such action as it may deem appropriate.

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

### **6. REPORTING:**

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Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be referred to in the Board's report to the shareholders.

### **7. DISCLOSURE:**

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This RPT policy will be posted on the Company's website and a web link thereto shall be provided in the Annual Report.

### **8. AMENDMENT**

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This Policy may be amended at any time after the review of Audit Committee and thereafter as approved by the Board of Directors and is subject to any amendment(s) or re-enactment(s) in the provisions of the Listing Agreement or Companies Act, 2013.

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

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