

## **SHILP GRAVURES LIMITED**

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

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<b>Details of Adoption / Amendments to the Policy</b>				
<b>Policy Adoption / Change effective Date</b>	<b>Clause No.</b>	<b>Particulars of the Adoption / Change</b>	<b>Board Approval Date</b>	<b>Version of Policy</b>
01/10/2014	-	Adoption of Policy	02/05/2015	Original V-1
01/04/2019	Various clauses	Pursuant to the amendments in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, from time to time	25/03/2019	V-2

This Policy was last reviewed by Board on 25<sup>th</sup> March, 2019.



**SHILP  
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LIMITED**

## RELATED PARTY TRANSACTION POLICY

### **1. Purpose:**

This Policy is prepared in accordance with the requirements of the provisions of Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 (as defined below) entered into by the Company can present potential or actual conflict of interest and may raise questions about whether Related Party Transactions are consistent with the Company's and its shareholders’ best interests. Therefore, the Board has adopted this Policy on Materiality of Related Party Transactions and manner of dealing with the Related Party Transactions (“**RPT Policy**” or “**Policy**”) to set forth the:

1. Manner of dealing with Related Party Transactions as per the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
2. Thresholds for Related Party Transactions.

This policy is formulated in compliance with the requirements of the Companies Act, 2013 read with rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors (the “**Board**”) of the Company has adopted the Policy at their meeting. The details of the original adoption and subsequent amendments, if any are mentioned in the table provided at the beginning of this Policy.

### **2. Definitions:**

“**Act**” means Companies Act, 2013 read with rules framed thereunder, as amended from time to time.

“**Arm’s Length Transactions**” means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“**Audit Committee**” means the “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of the Act and the Listing Regulations, 2015.



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**“Board of Director” or “Board”** means the Board of Directors of the Company, as constituted from time to time.

**“Key Managerial Personnel” or “Key Management Personnel”** means Key Managerial Personnel (‘KMP’) as defined in section 2(51) of the Companies 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’)
- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed.

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- 1 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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**“Listing Regulations, 2015”** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

**“Material Related Party Transaction”** as per Listing Regulations, 2015 means a Related Party Transaction(s) with a Related Party, if entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Notwithstanding the above, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered Material Related Party Transaction(s), if such Related Party Transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 2% (two percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

**“Ordinary Course of Business”** means the transaction(s) / activity(ies) entered / undertaken pursuant to the objects of the Company or which are necessary or reasonable in the context of business or customary or happen with a certain frequency or part of standard industry practice.



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**“Related Party” or “Related Parties”** means a related party as defined under the Act and/or Listing Regulations, 2015.

**“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 is a member or director;
- v) a public company in which a director or manager is a director and 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;
- viii) any body corporate which is—
  - a. holding, subsidiary or an associate company of such company;
  - b. subsidiary of a holding company to which it is also a subsidiary; or
  - c. an investing company or the venturer of the company;"
- ix) such other person as may be prescribed shall include Director, other than an independent director, or Key Managerial Personnel of the holding company or his relative shall be deemed to be related party.

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

**“Related Party Transaction” or “RPT”** means transactions, contracts, arrangements entered with the Related Party and as prescribed under the Act and Listing Regulations, 2015.



## **RELATED PARTY TRANSACTION POLICY**

The above definitions shall be read as provided in the amended provisions, if any, of the Act, Listing Regulations, 2015 or any other law or regulation and such change will not be considered as change in this Policy.

Any term(s) not defined in the Policy shall have the same meaning as assigned to such term(s) in the Act and / or the Listing Regulations, 2015 or any other applicable law or regulation.

### **3. Effective Date:**

This Policy is effective from 1<sup>st</sup> October, 2014, the subsequent modification/amendment to the Policy shall be effective from such date as provided in the Act and/or Listing Regulations, 2015.

### **4. Manner of dealing with Related Party Transactions:**

#### **Identification of Related Parties**

Before the start of each financial year, the Company shall identify the Related Parties. The Company shall also formulate a mechanism in order to enable the Directors and Key Managerial Personnel of the Company, to provide requisite disclosures and updates in this regard. The list of Related Parties shall be updated during the course of the year, upon receipt / happening of any event, which necessitates such updation.

#### **Identification of Related Party Transaction**

The Company shall review and determine whether any transaction with any party(s) will, constitute a Related Party Transaction, requiring compliance with this RPT Policy.

### **5. Procedure for approval of Related Party Transaction:**

#### **I. Approval of the Audit Committee**

All Related Party Transactions shall require prior approval of the Audit Committee as provided under the Listing Regulations, 2015.

- a. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company, subject to following:



## RELATED PARTY TRANSACTION POLICY

- The RPT is in line with this Policy; and
- The RPT is in the nature of a repetitive transaction;
- the name(s) of the related parties
- nature of transaction
- period of transaction
- maximum amount of transaction, that can 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;
- The RPT is in the nature of a transaction which the Company carries out in its Ordinary Course of Business.

b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is required in the interests of the Company.

Such omnibus approval shall specify (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 RPT subject to their value not exceeding Rs.1 crore per transaction.

c. The omnibus approval of the Audit Committee shall be valid only up to 1 (one) financial year and shall require fresh approval after expiry of such financial year. Details of the Related Party Transactions entered into pursuant to omnibus approval, shall be reviewed by Audit Committee on at least a quarterly basis.

Provided that all Related Party shall not vote to approve the RPT irrespective of whether the Related Party is a party to the particular RPT or not.

## **II. Approval of the Board of Directors under the Companies Act, 2013**

All Related Party Transaction which are either not in the ordinary course of business or not on arm's length basis shall require prior approval of the Board of the Company. Information in such form and manner as prescribed in the Act and / or Listing Regulations, 2015 should be provided to the Board.



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Any Director(s) who is interested in any Related Party Transaction shall abstain himself from participating in the discussion and voting for such RPT under consideration by the Board.

### **III. Approval of the Members under the Companies Act, 2013**

Any Related Party Transaction covered within the scope of Section 188 of the Act which are either not in the ordinary course of business or not on 'arm's length basis and exceeds the threshold under Section 188 of the Act shall require prior approval of the shareholders through ordinary resolution.

Provided that no member of the company shall vote on resolution, to approve any contract or arrangement which may be entered into by the Company with Related Party, if such member is a Related Party.

Further provided that the requirement of passing the member's resolution shall not be applicable for Related Party Transaction entered into between the Company and its holding company, if any, or between the Company and its wholly owned subsidiary, if any, whose accounts are consolidated with the Company and placed before the shareholders at the Company's general meeting for approval.

### **IV. Approval of the Members under the Listing Regulations, 2015**

All Material Related Party Transactions, shall require approval of the shareholder's through resolution and no Related Party shall vote to approve such Related Party Transaction, whether the entity is a Related Party to a particular Related Party Transaction or not.

#### **6. Threshold Limits:**

Any transaction which is not a Material Related Party Transaction as per the provisions laid down by the Act or the Listing Regulations, 2015, shall be approved by the Audit Committee and / or the Board of Directors of the Company in accordance with the procedure prescribed above.

#### **7. Related Party Transactions not approved under this Policy:**

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified in accordance with this Policy, the transaction shall be placed as promptly as practicable before the Audit Committee or Board of Directors or the Members as the case may be in accordance with this Policy for review and ratification.



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The Audit committee or the Board of Directors or the Members shall consider all the relevant facts and circumstances of such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision or termination of such transaction and the Company shall take such actions as it deems appropriate under the circumstances.

### **8. Ratification of Related Party Transaction:**

Where any contract or arrangement is entered into by a director or any other employee of the Company, without obtaining the consent of the Board or approval by a resolution in the general meeting under as the case maybe, and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a Related Party to any director, or is authorised by any other director, the directors concerned shall indemnify the Company against any loss incurred by it.

### **9. Non-compliance:**

- a. A non-compliant RPT shall be voidable at the discretion of the Audit Committee / Board / Shareholder as the case maybe.
- b. The Company may proceed against the concerned Director/ employee and recover the loss sustained as a result of such transaction.

### **10. Disclosure:**

The Company shall disclose this Policy on its website and a web link thereto shall be provided in the Annual Report of the Company.

### **11. Amendment:**

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

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