

SIR SHADI LAL ENTERPRISES LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

PREAMBLE

- 1.** A related party transaction is a transfer of resources, services or obligations between a company and a related party, irrespective of the price charged. A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.
- 2.** An entity shall be considered as related to company if (i) such entity is a related party under Section 2(76) of the Companies Act, 2013; or (ii) such entity is a related party under applicable accounting standard; or (iii) Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or the more of shareholding in the listed entity shall be deemed to a related party.

POLICY GUIDELINES

- 1.** There are some ongoing transactions with various related parties which have been perused and approved by the Board from time to time. Although such transactions are in the ordinary course of business and on arm's length basis, yet any modification or fresh arrangement with related parties as listed above shall be approved by the audit committee from time to time.
- 2.** All such Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company.
- 3.** The Audit Committee may also, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions (subject to individual limit per transaction and aggregate limit for all such transactions) that cannot be foreseen.
- 4.** Such omnibus approval referred above shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- 5.** The Audit Committee shall review at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval given.
- 6.** In the event of any contract or arrangement with a related party is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act 2013 and the Rules framed thereunder and obtain approval of the Board or its shareholders as applicable, for such contract or arrangement.
- 7.** The Board shall approve the threshold limits for transactions with related party to be entered by the Company.
- 8.** The following material Related Party Transactions will be placed for approval of the shareholders of the Company.

(a) A transaction with a related party will be considered material if the transaction/transactions to be entered into, either individually or taken together with previous transactions with such related party during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company but no related party shall vote to approve such transaction.

(b) Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover of the Company as per the last audited financial statements.

- 9.** All material Related Party Transactions, other than those with Exempted Wholly Owned Subsidiaries, will be placed for approval of the shareholders of the Company.
- 10.** While approving the Related Party Transactions, the Board will go through all the material details like (i) whether the transaction is fair to the Company, (ii) whether the Audit Committee has been made available all of the material facts regarding the transaction or parties involved, (iii) whether the transaction is generally available to an unrelated third-party under the same or similar circumstances and cost, and (iv) the extent of the Related Person's interest in the transaction.
- 11.** The agenda of the Audit Committee / Board meeting, at which any resolution pertaining to transactions with related parties is proposed to be moved, shall disclose:
 - a) the name of the related party and nature of relationship;
 - b) the nature, duration of the contract and particulars of the contract or arrangement;
 - c) the material terms of the contract or arrangement including the value, if any;
 - d) any advance paid or received for the contract or arrangement, if any;
 - e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
 - f) whether all factors relevant to the contract have been considered and if not, the details of factors not considered with the rationale for not considering those factors; and
 - g) any other information relevant or important for the Audit Committee / Board to take a decision on the proposed transaction.
- 12.** Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.
- 13.** The explanatory statement to be annexed to the notice of a general meeting convened for the purpose of seeking approval of shareholders for entering into related party transactions shall contain the following particulars namely:-
 - a) name of the related party ;
 - b) name of the director or key managerial personnel who is related, if any;
 - c) nature of relationship;
 - d) nature, material terms, monetary value and particulars of the contract or arrangement;
 - e) any other information relevant or important for the members to take a decision on the proposed resolution.
- 14.** Details of all material transactions with related parties shall be disclosed in the quarterly compliance report on corporate governance being submitted to the Stock Exchange.

- 15.** The company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.
- 16.** The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, 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.
- 17.** The Board shall review the policy at least once every three years. 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.