



Related Party Transaction Policy

**SHAILY ENGINEERING PLASTICS LIMITED
SURVEY # 364/366, RANIA, TA- SAVLI
DIS- VADODARA-391780
CIN- L51900GJ1980PLC065554**

1. Preface

Shaily Engineering Plastics Ltd. (“Company”) has always been committed to good corporate governance practices. This Policy is regarding the review and approval of Related Party Transactions and has been adopted by the Company’s Board of Directors in order to set forth the procedure under which certain transactions must be reviewed and approved or ratified. The Board of Directors has adopted this policy upon recommendation of the Audit Committee. The said Policy includes material thresholds and the manner of dealing with Related Party Transaction (“the Policy”) in compliance with the requirements of the Section 188 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and Corporate Governance norms prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Amendments, from time to time, to the Policy, if any, shall be considered by the Board of Directors based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its related parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

This Policy is revised by the Board of Directors at their meeting held on 14th February, 2019, **effective from 01st April 2019.**

2. Objective

The SEBI Listing Regulations, 2015 mandates formulation of a policy on materiality of Related Party Transactions and also on dealings with Related Party Transactions. This Policy has been framed for complying with this requirement.

3. Definitions

“Act” means Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

“SEBI Listing Regulations, 2015” means Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 and any amendments thereto.

“Arm’s length basis” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determining Arm’s Length basis, guidance may be taken from the transfer pricing provisions under the Income tax Act, 1961.

“Material Related Party Transaction” means a transaction with a Related Party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. Notwithstanding the aforesaid, 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 individually or taken together with previous transactions during a financial year, exceed two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

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“Policy” means the current policy on materiality of Related Party Transactions and also on dealings with Related Party Transactions, including amendments, if any, from time to time.

“Related Party” means a related party as defined under the Act or under the applicable accounting standards and as amended from time to time. 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 shall be deemed to be a related party.

“Related Party Transaction” means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged.

“Relative” means a relative as defined under the Act.

“Transaction” with a related Party shall be construed to include single transaction or group of transactions in a contract.

4. Policy

All Related Party Transactions must be reported to the Audit Committee and approved or referred for approval by the Audit Committee based on this Policy. This Policy shall be reviewed by the Board of Directors once in every three years and updated as may be required.

4.1 Identification of potential Related Party Transactions

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

4.2 Review and approval of Related Party Transactions

All Material Related Party Transactions and Related Party Transactions which are not in the ordinary course of the Business or which are in the ordinary course of business but not on Arm’s Length transaction shall require prior approval of the Audit Committee and the Board. However, Related Party Transactions which are in ordinary course of business of the Company and on Arm’s Length Price shall be periodically disclosed to the Audit Committee/Board.

All Related Party Transactions which are not on Arms’ length transaction shall require specific prior approval of the Audit Committee and the Board. Wherever required, approval shall be sought from the shareholders of the Company in terms with applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations, 2015.

4.2.1. Audit Committee

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolutions by circulation. However, the Audit Committee may grant prior omnibus approval for Related Party Transactions which are in the ordinary course of business and satisfy the Arm's Length basis, subject to the compliance of conditions contained in SEBI Listing Regulations, 2015.

Any member of the Audit Committee who has a potential conflict of interest in any Related Party Transaction will not remain present at the meeting or shall abstain from discussion and voting on the approval of such Related Party Transaction and shall not be counted in determining the presence of quorum when such transaction is considered.

To review a Related Party Transaction, the Audit Committee shall be provided with respect to actual or potential Related Party Transactions and/or prescribed under the Act and the Listing Regulations.

While considering any Related Party Transaction, the Audit Committee shall take into account all relevant facts and circumstances, including the terms and business purpose of such transaction, the benefits of the Company and to the Related Party, whether such Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction and any other relevant matters.

Omnibus Approval may be granted by the Audit Committee if Related Party Transactions are repetitive in nature and are in the interest of the Company.

In case the need for Related Party Transaction cannot be foreseen and the other details are not available, an omnibus approval for such transactions, subject to their value not exceeding Rs. 1 crore for each of Related Parties.

4.2.2. Board of Directors

If the Audit Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for the Board to approve the Related Party Transaction and the considerations set forth above under paragraph 3.2.1 shall apply to the review and approval of the matter by the Board of Directors, with such modifications as may be necessary or appropriate under the circumstances.

Any member of the Board who has a potential conflict of interest in any Related party Transaction will not remain present at the meeting or shall abstain from discussion and voting on the approval of such Related Party Transaction and shall not be counted in determining the presence of quorum when such Transaction is considered.

4.2.3 Shareholders

Shareholder's approval shall be sought in the following cases as per the requirements of the Companies Act, 2013:

- Transactions with the Related parties (as defined under the Companies Act, 2013) covered within the scope of Section 188 of the Act, which are either not in the 'Ordinary Course of Business' and exceeds the

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threshold under Section 188 of the Companies Act, 2013 and the rules made thereunder, shall require prior approval of the shareholders through special resolution.

No member of the Company shall vote to approve a special resolution where a related party contract or arrangement is being considered if such a member is a related party in the context of the contract or arrangement which is being considered.

- All Material Related Party Transactions covered within the scope of the Listing Regulations shall require approval of the shareholders through special resolution. For this purpose, all entities falling under the definition of related parties (as defined under SEBI Listing Regulations, 2015) shall not vote to approve the transaction irrespective of whether the entity is a party to the particular transaction or not.

5. Related Party Transactions not previously approved

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

The Audit Committee or the Board of Directors or the Shareholders shall consider all relevant facts and circumstances of such transaction, and shall evaluate all the 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 the Audit Committee deems appropriate under the circumstances.

6. Disclosure

Details of any Material Related Party Transactions shall be disclosed to the stock exchange quarterly along with the compliance report on corporate governance.

The company shall disclose the Policy on its website and web link shall be provided in the Annual Report.

7. Amendment

Any subsequent amendment/modification in the listing agreement and/or applicable laws in this regard shall automatically apply in this Policy. The provisions of this policy can be amended by the Board from time to time and all such amendments and modifications shall take effect from the date stated therein.