

# SHILCHAR TECHNOLOGIES LIMITED



## THE POLICY ON RELATED PARTY TRANSACTIONS OF SHILCHAR TECHNOLOGIES LIMITED

### 1) INTRODUCTION:

**Shilchar Technologies Limited** (the "Company") recognizes that certain relationships can present potential or actual conflicts of interest and may raise questions about whether transactions associated with such relationships are consistent with Company's and its stakeholders' best interests. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 and as amended from time to time.

Also, Regulation 23(1) of the SEBI Listing Regulations requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions. In light of the above, Shilchar Technologies Limited has framed this Policy on Related Party Transactions ("Policy"). This Policy has been reviewed & revised by the Board of Directors of the Company on 26TH June 2020.

### 2) OBJECTIVE:

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Companies Act 2013, Regulation 23 of the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

### 3) DEFINITIONS:

- (i) "Act" shall mean the Companies Act 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.
- (ii) "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 determination of Arm's Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.
- (iii) "Associate Company" means any other company, in which the Company has a significant influence, but which is not a Subsidiary company of the Company having such influence and includes a joint venture company.

Explanation— for the purposes of this clause, "significant influence" means Control of at least twenty per cent of total share capital, or of business decisions under an agreement.

**REG. OFFIC:** BIL ROAD, BIL, VADODARA - 391 410, GUJARAT, INDIA.  
**WORKS:** NEAR MUVAL SUB STATION, PADRA JAMBUSAR HIGHWAY, GAVASAD, VADODARA – 391430  
**PHONE:** 0265-2680466, 2680566 (BIL PLANT), 7624090901/2 (GAVASAD PLANT)  
**E-MAIL:** info@shilchar.com **WEBSITE:** shilchar.com

**CIN:** L29308GJ1986PLC008387

# SHILCHAR TECHNOLOGIES LIMITED



- (iv) "Audit Committee" or "Committee" means "Audit Committee" of the Board of Directors of the Company.
- (v) "Board of Directors" or "Board" means the Board of Directors of the Company.
- (vi) "Company" means **Shilchar Technologies Limited**.
- (vii) "Key Managerial Personnel" means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made thereunder.
- (viii) "Policy" means Related Party Transaction Policy of the Company.
- (ix) "Related Party" means a person or an entity:
  - a. which is a related party under section 2(76) of the Companies Act, 2013; or
  - b. Which is a related party under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
  - c. applicable accounting standards
- (x) "Related Party Transaction" means transaction involving transfer of resources, services or obligations between the Company and the Related Party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.
- (xi) "Relative" means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under.

#### 4) POLICY:

All transactions with Related Parties shall be in the ordinary course of business and at arm's length and shall be subject to the prior approval of the Audit Committee. If any transaction with Related Party(s) is not in the ordinary course of business and/or not at arm's length, then:

- a. All such transactions will require prior approval of the Audit Committee;
- b. Will require prior approval of the Board; and
- c. Will require prior approval of the shareholders of the Company by special resolution if they exceed the threshold limits mentioned u/s 188 of the Act read with Rules.

Further, any Material Transaction proposed to be entered into with a related party shall also be approved by the Board of Directors of the Company after they have been approved by the Audit Committee.

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

# SHILCHAR TECHNOLOGIES LIMITED



## 4.1 Identification of potential Related Party Transactions

Each Director and Key Managerial Personnel shall disclose to the Company, its Related Parties. The Board shall record the disclosure of Interest. The Company shall also identify Related Party Transactions with Directors or Key Managerial Personnel of the holding company/ies or their relatives.

## 4.2 Review and approval of Related Party Transactions - 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 omnibus approval for Related Party Transactions proposed to be entered into with the Company which are repetitive in nature and are in the ordinary course of business and on at Arm's Length basis, subject to compliance of the conditions contained in Companies Act, 2013. Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction. To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions and/or prescribed under the Companies Act, 2013 and Rules there under.

Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval shall not require prior approval of the Audit Committee.

However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the company pursuant to each of the omnibus approval given. Such omnibus approval shall be valid for a period of one financial year and shall require fresh approvals after the expiry of such financial year.

### Board:

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, are placed before the Board for its approval.

If the 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

# SHILCHAR TECHNOLOGIES LIMITED



under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

## Shareholders:

All the material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Party/ies with whom transaction is to be entered shall abstain from voting on such resolution.

All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders through special resolution if so required under any law and the Related Parties shall abstain from voting on such resolution. In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business and at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

However, the requirement of shareholders' approval for Material Related Party Transactions shall not be applicable for the following cases:

- transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.
- transactions entered into between the company and its wholly owned subsidiary whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.

## 4.3 MATERIAL RELATED PARTY TRANSACTIONS :

A transaction with a Related Party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the consolidated annual turnover as per the last audited financial statements of the Company. In case of payment to a Related Party for brand usage or royalty the materiality threshold will be 2% (two percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

# SHILCHAR

# TECHNOLOGIES LIMITED



## 5) RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:

In the event the Company becomes aware of a 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 of 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 Related Party Transaction. The Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

## 6) DISCLOSURES:

Details of all transactions with Related Parties shall be disclosed to Audit Committee on quarterly basis. The Company shall disclose this Policy on its website i.e. [www.shilchar.com](http://www.shilchar.com).

## 7) AMENDMENTS IN LAW:

Any subsequent amendment/modification in the Listing Regulations and/or other applicable laws in this regard shall automatically apply to this Policy.

\*\*\*\*\*

**REG. OFFIC:** BIL ROAD, BIL, VADODARA - 391 410, GUJARAT, INDIA.  
**WORKS:** NEAR MUVAL SUB STATION, PADRA JAMBUSAR HIGHWAY, GAVASAD, VADODARA – 391430  
**PHONE:** 0265-2680466, 2680566 (BIL PLANT), 7624090901/2 (GAVASAD PLANT)  
**E-MAIL:** [info@shilchar.com](mailto:info@shilchar.com) **WEBSITE:** [shilchar.com](http://shilchar.com)

**CIN:** L29308GJ1986PLC008387