



*Shalimar Productions Limited*

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## **SHALIMAR PRODUCTIONS LIMITED**

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## **POLICY ON DEALINGS & MATERIALITY OF RELATED PARTY TRANSACTIONS**



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## **1. INTRODUCTION**

The objective of this policy is to regulate transactions between the Company and its related parties based on the Laws & Regulations applicable to the Company in this regard and to ensure proper approval and reporting of transactions between the Company and its Related Parties.

**Shalimar Productions 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. The Company must specifically ensure that certain Related Party Transactions (as defined below) are managed and disclosed in accordance with the strict legal and accounting requirements to which the Company is subject.

## **2. THE REGULATORY FRAMEWORK**

- 2.1 The Companies Act, 2013 together with the Rules notified thereunder alongwith the Equity Listing Agreement of Stock Exchanges mandates formulation of a Policy for regulating transactions with Related Parties and dealing with Related Party Transactions. This policy is framed as per the requirements of the Laws and shall operate within the boundaries set by the law.
- 2.2 As part of its Corporate Governance practices, the Board of Directors of the Company has adopted the following policy and procedure with regard to Related Party transactions.

## **3. DEFINITIONS**

- 3.1 **"Company"** means **SHALIMAR PRODUCTIONS LIMITED**
- 3.2 **"The Act"** shall mean the Companies Act, 2013 and the Rules framed thereunder, including modifications, clarifications, circulars or re-enactment thereof.
- 3.3 **"Policy"** means Policy on Related Party Transactions.
- 3.4 **"Board"** means Board of Directors of the Company.
- 3.5 **"Audit Committee"** means Committee of Board of Directors of the Company constituted under the provisions of the Act and the Listing Agreement of the Stock Exchanges.
- 3.6 **"Arms Length Price"** 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 Price, guidance may be taken from Transfer Pricing under Income Tax Act, 1961.



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3.7 **“Accounting Standards”** means the standards of accounting of any addendum thereto for Companies or Class of Companies referred to in Section 133 of the Act.

3.8 **“Associate Company”** in relation to another Company, means a Company in which that other 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 purpose of this clause, “significant influence” means control of atleast twenty per cent of total Share Capital or of business decisions under an Agreement.

3.9 **“Key Managerial Personnel” OR “KMP” means**

- i) The Chief Executive Officer (CEO) or the Managing Director or the Manager as defined under the Act;
- ii) The Company Secretary;
- iii) The Whole-time Director; and
- iv) The Chief Financial Officer (CFO).

3.10 **“Relative”**, with reference to any person, means one who is related to another in any of the following manner-

- a. If they are members of a Hindu Undivided Family;
- b. If they are Husband & Wife;
- c. Father (Including step-father);
- d. Mother (Including step-mother);
- e. Son (Including step-son);
- f. Son’s Wife;
- g. Daughter;
- h. Daughter’s Husband;
- i. Brother (Including step-brother); or
- j. Sister (Including step-sister)

3.11 **“Related Party”** is a person or an entity which is:

1. a related party under Section 2(76) of the Act; Or
2. a related party under the applicable Accounting Standards

Related Party under Section 2(76) of the Companies Act, 2013 and Rules made thereunder are as follows:

- a. a Director or his relative;
- b. a Key Managerial Personnel or his relative;
- c. a firm in which a director, manager or his relative is a partner;
- d. a private company in which a director or manager is a member or his relative is a member or Director;
- e. a public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital;



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- f. 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;
- g. any person on whose advice, directions or instructions a director or manager is accustomed to act;
- h. Provided that nothing in Sub-Clause (f) and (g) shall apply to the advice, directions or instructions given in a professional capacity;
- i. any Company which is –
  - i) a holding, subsidiary or an associate Company of such Company; Or
  - ii) a subsidiary of such holding Company to which it is also a subsidiary;
- j. such other persons as may be prescribed.

3.12 **“Related Party Transaction”** means a transaction involving transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged. The transfer of resources, services or obligation mentioned aforesaid include-

As per Section 188 of Companies Act, 2013:

- 1. Sale, purchase or supply of any goods or materials;
- 2. Selling or otherwise disposing of, or buying property of any kind;
- 3. Leasing of property of any kind;
- 4. Availing of rendering of any services;
- 5. Appointment of any agent for the purchase or sale of goods, materials, services or property;
- 6. Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
- 7. Underwriting the subscription of any securities or derivatives thereof, of the Company.

As per Accounting Standard 18

- 1. Financing;
- 2. License Agreements;
- 3. Transfer of research and development;
- 4. Guarantees and collaterals and
- 5. Management contracts including for deputation of employees.

*(The above is an indicative list and not an exhaustive one)*

3.13 **“Material Related Party Transaction”** means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds 10 per cent of the Annual consolidated turnover of the Company as per the last Audited Financial Statements of the Company or such limits as may be prescribed either in the Companies Act, 2013 or the Listing Agreement, whichever is stringent from time to time.



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- 3.14 “**Transaction**” with a related party shall be construed to include a single transaction or a group of transactions. The terms Director, Chief Financial Officer, Company Secretary shall have the same meaning as assigned under the Companies Act, 2013.
- 3.15 Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities Contract Regulation Act or any other applicable law or regulation.

## **4. GUIDING PRINCIPLES**

- Related party transactions are either on arm’s length basis or in the best interest of the Company and collectively its shareholders.
- Analysis and discovery of true rational for related party transactions by applying guiding factor of “substance over form”.
- Effective Governance of related party transaction by ensuring appropriate approvals.
- Effective transparent disclosures of related party transactions in an accurate manner as a part of financial statements.

## **5. POLICY**

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

### **5.1 Declaration for potential Related Party/ Related Party Transaction**

- **Provide Declaration**

Every Director and Key Managerial Personnel will be responsible for providing declaration in a predefined format.

- **Updating the Board**

Every Director and Key Managerial Personnel will also be responsible to update the board of any change in the relationships, directorships, holdings, interests and/or controls immediately on him/her becoming aware of such changes.

### **5.2 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 Resolution 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 at Arm’s Length Price subject to compliance of the conditions contained in Clause 49 of the Listing Agreement. However, the Audit Committee may grant Omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:



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- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy on Related party Transactions of the Company and such approval shall be applicable in respect of the transaction which are repetitive in nature.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- c. 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 transactions subject to their value not exceeding Rs.1 crore per transaction.
- d. Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given;
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year;

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.

## ➤ **Board**

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 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.

## **6. EXCEPTIONAL CASES FOR APPROVAL**



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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 or due to any inadvertent omission the matter shall be promptly placed before the Board/Committee/Shareholders for ratification. The Committee shall consider all of the relevant facts and circumstances regarding the policy and evaluate all the options available to the Company, including but not limited to revision, ratification or termination of such transaction and the Company will take such action as the Committee deems appropriate under the circumstances.

## **7. DISCLOSURES**

Details of all material transactions with Related Parties shall be disclosed to Stock Exchanges quarterly along with the Compliance Report on Corporate Governance. The Company shall disclose the policy on dealing with Related Party Transactions and web-link shall be provided in the Annual Report.

## **8. AMENDMENTS**

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

## **9. REVIEW OF POLICY**

This Policy shall be reviewed by Audit Committee and Board as and when required. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

## **10. GENERAL**

- 10.1 The Policy would be subject to revision/ amendment in accordance with the laws. The Audit Committee shall review the Policy atleast once in a year for making suitable amendments for better implementation of the Policy.
- 10.2 The Company reserves its rights to alter, modify, delete, add or amend any of the provisions of this Policy.
- 10.3 The power to interpret and administer the Policy rests with the Chairman of the Audit Committee whose decision shall be final and binding. The Chairman is also empowered to make any supplementary rules/orders to ensure efficient and effective implementation of the Policy. These will however be reported to or tabled before the Audit Committee, from time to time to ensure Committee's oversight on these issues.

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**ANNEXURE**

To,  
The Company Secretary/Compliance Officer/ Chief Financial Officer  
Shalimar Productions Limited  
A9, Shree Siddhivinayak Plaza, Plot B-31  
Off-link Road, Andheri W, Mumbai - 400053

Dear Sir,

I, \_\_\_\_\_, being a member of the Board of Directors/Senior Management of Shalimar Productions Limited hereby acknowledge, confirm and certify that:

1. I am aware of the Policy for Related Party Transactions of the Company for the Directors/Senior Management/Employees of the Company;
2. During the financial year \_\_\_\_\_, I have entered into the following contracts/arrangements/transactions with the Company and such contracts/arrangements/transactions qualify as "Related Party Transactions" as per the Policy;
3. I am not aware of any non-compliance with the said policy.

\_\_\_\_\_  
**Name:**

**Designation:**

**Date:**

**Place:**