



**SHIRPUR GOLD REFINERY LIMITED**  
**Related Party Transaction Policy**  
**(Effective from October 1, 2014)**

**RELATED PARTY TRANSACTION POLICY**

**1. Preamble**

The Board of Directors (the “Board”) of Shirpur Gold Refinery Limited (the “Company” or “SGRL”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time.

This policy will be applicable to the Company. The objective of this policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations to the Company.

**2. Purpose**

This policy aims to comply with the provisions of the Companies Act, 2013 and rules framed there under and also Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges. This policy would ensure proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties. This policy is to set forth the procedures under which transactions with related parties shall be reviewed for approval or ratification in accordance with the procedures set forth below.

**3. Definitions**

“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 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.

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of Listing Agreement and Companies Act, 2013.

“**Board**” means Board of Directors of the Company.

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“**Key Managerial Personnel**” means key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer

“**Material Related Party Transaction**” means a transaction with a related party if the transaction / transactions 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.

“**Policy**” means Related Party Transaction Policy.

“**Related Party**” means related party as defined in Clause 49 of the Listing Agreement which is as follows:

A related party is a person or entity that is related to the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

1. A person or a close member of that person’s family is related to a company if that person:
  - a. is a related party under Section 2(76) of the Companies Act, 2013 which are 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 director or manager is a member or director ;
    - (v) 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 ;
    - (vi) any body 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 under 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 company which is –

- (a) a holding, subsidiary or an associate company of such company ; or
  - (b) a subsidiary or an associate of a holding company to which it is also a subsidiary or an associate;
  - (ix) Director or key managerial personnel of the holding company or his relative with reference to a company; or
  - b. has control or joint control or significant influence over the company; or
  - c. is a key management personnel of the company or of a parent of the company; or
2. An entity is related to a company if any of the following conditions applies;
- a. The entity is a related party under Section 2(76)of the Companies Act, 2013;or
  - b. The entity and the company are members of the same group(which means that each parent, subsidiary and fellow subsidiary is related to the others);or
  - c. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);or
  - d. Both entities are joint ventures of the same third party; or
  - e. One entity is a joint venture of a third party and the other entity is an associate of the third party; or
  - f. The entity is a post-employment benefit plan for the benefit of employees either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company; or
  - g. The entity is controlled or jointly controlled by a person identified in (1); or
  - h. A person identified in (1)(b) has significant influence over the entity(or a parent of the entity)

**“Related Party Transaction”** means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

**“Relative”** means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if –

- i. They are members of a Hindu undivided family ;
- ii. They are husband and wife ; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son’s wife
- vii. Daughter
- viii. Daughter’s husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

#### **4. Policy**

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

##### **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.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

#### **4.2 Prohibitions related to Related Party Transactions**

All Related Party Transactions shall require prior approval of Audit Committee.

Further, all Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolutions.

#### **4.3 Related Parties for SGRL**

The related parties of SGRL would be:-

- (1) All Directors and KMPs and their relatives of SGRL
- (2) Firms in which a director of SGRL or his /her relatives are partners or members
- (3) Private companies in which a director of SGRL is a director or member
- (4) Public companies in which a director of SGRL is a director and holds (along with his/her relatives) more than 2% of the voting capital
- (5) All subsidiaries and associate companies of S G R L

#### **4.4 Omnibus Approval**

The Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the following conditions:-

- (1) Committee to lay down criteria for granting the omnibus approval in line with the RPT policy and such approval shall be applicable in respect of repetitive transactions.
- (2) Committee shall satisfy itself the need for such omnibus approval and such approval is in the interest of the company.
- (3) Such approval to specify certain details.
- (4) Committee shall review related party transactions on quarterly basis.
- (5) Such omnibus approval shall be valid for a period not exceeding one year and fresh approvals shall be required.

#### **4.5 Review and Approval of Related Party Transactions**

1. The Audit Committee of the Board will review and, if appropriate, approve Related Party Transactions. Accordingly, at first meeting of the Audit Committee in every financial year, management shall present to the Committee the following information with respect to all Related Party Transactions expected to be entered into during that calendar year:
  - a) the name of the Related Party and the basis on which such person or entity is a Related Party;
  - b) the Related Party's interest in the transactions, including the Related Party's position or relationship with, or ownership of, any entity that has an interest in the transactions;
  - c) the approximate rupee value of the transactions and the approximate rupee value of the Related Party's interest in the

- transactions;
- d) a general description of the transactions, including material terms and conditions;
  - e) in the case of a lease or other transaction providing for periodic payments or installments, the aggregate amount of all periodic payments or installments to be made;
  - f) in the case of loan, the aggregate amount of loan and the rate amount of interest to be payable on such loan;
  - g) in case of guarantees issued, the aggregate amount of guarantees and commission to be payable on such guarantees;
  - h) in assessment of whether the transactions are on terms that are comparable to the terms available to unrelated third parties or to employees generally; and
  - i) any other material information regarding the transaction(s) or the Related Party's interest in the transaction(s).

After reviewing such information, the members of the Audit Committee (without the participation the Committee member(s) interested in the transaction, if any) shall approve or disapprove such transactions. Approval of such transactions shall be given only if it is determined by the Committee that such transactions are:

- (a) in (or not inconsistent with) the best interests of the Company and its shareholders;
  - (b) to be entered into by the Company (or its subsidiary or associate entity) on terms that are comparable to those that would be obtained in arm's length transactions with unrelated third parties; and
  - (c) In the ordinary course of the business of the Company. ("Ordinary course of business for this purpose will cover the businesses of SGRL and usual transactions, customs and practices of a business and would include activities to be carried out incidental to or to facilitate the business of SGRL and is usual or customary to the Company and/ or its line of business).
2. No member of the Audit Committee shall participate in the review, consideration or approval of any Related Party Transaction with respect to which such member or any of his or her relatives is a Related Party.
  3. If any material information with respect to such transactions shall change subsequent to the Committee's review of such transactions, management shall provide the Committee with updated information at a subsequent meeting and will get the changes approved afresh by the Committee.
  4. If any additional Related Party Transactions are proposed to be entered into subsequent to the Committee's first meeting in the financial year, management shall present such transactions to the Committee for approval before entering into such transaction (which can be taken by calling a meeting or by resolution passed through circulation).

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining

whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and on arms length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then 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.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- i. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

5. All the directors are required to declare and disclose his concerns or interests in any company or companies or bodies corporate at the first Board meeting in

every financial year and subsequently whenever there is any change in disclosures. In addition, the directors have to give an undertaking that all business transactions entered into between SGRL and themselves comply with the terms of this Policy.

### **Approval of the Board and the Shareholders**

The Audit Committee shall report all “Material Related Party Transactions” to the Board of Directors. The Company will also seek shareholders’ approval for “Material Related-Party Transactions” in the subsequent annual general meeting of the year in which the Related Party Transaction is undertaken or by postal ballot process. The resolution will be a special resolution and the related parties (if any) will abstain from voting on such resolution.

In case of transactions which are not ordinary course of business or not at arm’s length, Board approval will be required. In case these are material transactions shareholders’ approval will be required.

### **Exemption from Approval**

No approval from Audit Committee, Board and Shareholders would be required for 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.

### **5. Related Party Transactions not approved under this Policy**

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the 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 shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

### **6. Disclosure**

Disclosure will be made in the Company’s Annual Report of the particulars of the contract and arrangement along with the justification for entering into such contracts/arrangements with the Related Parties as part of Directors’ Report. This Policy will also be uploaded in the website of SGRL and web link will be disclosed in the Annual Report of SGRL in every year.

The Company will also disclose the details of all material Related Party on a quarterly basis along with the compliance report on corporate governance filed with the stock exchanges under clause 49 of the Listing agreement.

## **7. Policy Review**

This Policy is framed based on the provisions of the Companies Act, 2013, and rules there under and the requirements of the proposed Clause 49 of the Listing Agreement with the stock exchanges as on September 15, 2014.

In case of any subsequent changes in the provisions of the Companies Act, 2013, or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors.

This Policy is dated 1<sup>st</sup> October,2014.