

**RELATED PARTY TRANSACTION POLICY  
OF  
SHANTIVJAY JEWELS LIMITED**

**AUTHORITY**

- The Board of Directors of SHANTIVJAY JEWELS LIMITED(Board), has adopted the following policy and procedures with regard to Related Party Transactions(RPTs) defined below at its meeting held on 30.09.2014 based on recommendation of the Audit Committee(AC).
- The AC will review this policy from time to time and recommend any modifications thereof to the Board.
- This policy is to regulate process for transactions made or to be made between the Company and Related Party defined below in accordance with the applicable laws, Rules and requirements under the Listing Agreement as may be applicable to the Company from time to time.

**PURPOSE**

- This policy is framed as per the requirements of Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges as applicable from October 1, 2014 and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties as per applicable law in the interest of all the stakeholders of the Company.
- RPTs are appropriate only if they are in the best interest of the Company and all its stakeholders.

**DEFINITIONS**

**Related Party: (RP)**

Related Party, with reference to the Company, means:

- (i) any person being a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) any person being a related party under the applicable accounting standards.

**Related Party Transaction: (RPT)**

Related Party Transaction means a transaction as specified or prescribed under Section 188 of the Companies Act, 2013 read with relevant rules made there under including any transaction which involves a transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged and a 'transaction' with a related party shall be construed to include single transaction or a group of transactions in a contract.

**Material Related Party Transaction:**

Related Party Transaction 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 annual consolidated turnover of the company as per the last audited financial statements of the company.

**Relative:**

Relative, with reference to the Company, means any person who is related to another as specified or prescribed under section 2(77) of the Companies Act, 2013 read with relevant rules made there under.

**APPROVAL / REVIEW /RATIFICATION OF RPTs****Prior approval of AC**

- Save as expressly provided and subject to the applicable provisions of the Companies Act, 2013 read with relevant Rules made there under, from time to time, and Clause 49 of the Listing Agreement made by the Company with the Stock Exchanges, any RPTs to be entered /entered into by the Company shall be referred to the AC for prior approval and /or review and/or ratification, where permissible. Prior approval of the AC will not be necessary for a RPT entered into with wholly owned subsidiary, if any, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- AC shall decide having regard to all relevant factors whether any RPT is on arm's length basis or not.

**Prior approval of the Board**

- Post approval by the Audit Committee, prior approval of the Board of the Company shall also be obtained before entering into any RPT.

**Prior approval of the Company Shareholders**

- RPT exceeding specified threshold limit prescribed for various transactions prescribed under Section 188 of the Companies Act, 2013 read with relevant Rules made there under shall be made only with prior approval of the Company having been obtained by way of a special resolution.
- Material Related Party Transactions shall require prior approval of the shareholders through special resolution and the Related Party shall abstain from voting on such resolution irrespective of whether the such Related Party is a party to the particular transaction or not.

**Disclosure requirements to obtain approval**

All specific disclosures as are required to be given in the notice – agenda to the Board or otherwise under Companies Act, 2013 read with relevant rules made there under and Clause 49 of the Listing Agreement made by the Company with the Stock Exchanges and all other relevant information and documents relevant or important for the AC or Board to take decision on or to review or ratify the RPT shall be provided or made available.

**Omnibus approval for RPTs**

AC may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- a. The AC 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 transactions which are repetitive in nature.
- b. The AC 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 AC may deem fit;

Provided that where the need for RPT can not be foreseen and aforesaid details are not available, AC may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

- d. AC shall review, at least 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"

#### **Guiding principles for approval/review of Related Party Transaction:**

In determining whether to approve, review or ratify a Related Party Transaction, the AC will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the RPT are reasonable or fair to the Company and would apply on the same basis if the transaction did not involve a Related Party or is it on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party;
- Whether there are any compelling business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any;
- Whether the RPT would impair the independence of an otherwise independent director;
- Whether the Company was notified about the RPT before its commencement and if not, why pre-approval was not sought and whether subsequent ratification would be detrimental to the Company;
- Whether the RPT would present an improper conflict of interest for any director, or Executive or Officer of the Company, taking into account the size of the transaction;
- Any member of the AC who has a potential interest in any RPT shall disclose his interest as such and shall abstain from meeting, discussion and voting for the approval or review or ratification of the such Related Party Transaction;
- Whether the RPT to be made is in the interest of the Company or would benefit the Company;
- Any other factors the AC deems relevant.

#### **Exclusions**

Notwithstanding the foregoing, the following RPTs shall not require approval of the AC or the Board or Shareholders:

- 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.
- 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.

## **RPTs WITHOUT APPROVAL(S)**

### **Review/ratification by AC**

- In the event the Company becomes aware of a RPT with a RP that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee.
- The AC shall consider all of the relevant facts and circumstances regarding the RPT, and shall evaluate all options available to the Company, including ratification, revision or termination of such RPT.
- The AC shall also examine the facts and circumstances pertaining to the failure of reporting of such RPT to the AC under this Policy, and shall give directions and / or take any such action it deems appropriate.
- In any case, where the AC determines not to ratify a RPT that has been commenced without approval, the AC, 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 RPT, the AC has authority to modify or waive any procedural requirements of this Policy.

### **Ratification by Board or Company**

In case any RPT is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a special resolution by the Company and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such transaction was entered into, such transaction shall be voidable at the option of the Board and if the contract or arrangement is with a Related Party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

## **DISCLOSURE OF RELATE PART TRANSACTIONS**

RPTs and this Policy shall be disclosed as per the requirements of the applicable law including provisions of the Companies Act, 2013 read with relevant rules made there under and Clause 49 of the Listing Agreement made by the Company with the Stock Exchanges.

## **DOCUMENTATION**

RPT must be documented in writing.

## **COMMUNICATION OF POLICY**

This Policy will be communicated to all the Directors and employees and other concerned persons of the Company and shall be placed on the website of the Company at [www.shantivijay.com](http://www.shantivijay.com).

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