



**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS  
AND  
ON DEALING WITH RELATED PARTY TRANSACTIONS**

**INTRODUCTION:**

The Board of Directors (the "Board") of **SHUKRA BULLIONS LIMITED** (the "Company") has adopted this policy with regard to identification of related parties and materiality of related party transactions as prescribed under the Companies Act, 2013, as amended from time to time ("Act") read with the Rules framed thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("Listing Regulations"), and has formulated guidelines for the proper conduct and documentation of all related party transactions. The Board may review and amend this policy from time to time.

**SCOPE AND INCLUSION:**

This policy sets definition of materiality of related party transactions and dealing with related party transactions.

**DEFINITIONS:**

**"Arm's Length Transaction"** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no question of conflict of interest.

**"Audit Committee or Committee"** means the Committee of the Board formed under Section 177 of the Act and Regulation 18 of the Listing Regulations.

**"Board"** means Board of Directors of the Company.

**"Key Managerial Personnel"** shall mean the officers of the Company as defined in Section 2(51) of the Act.

**"Material Related Party Transaction"** means a transaction with a related party where the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds one thousand thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company and includes:



Transactions involving payments made to related party with respect to brand usage or royalty shall be considered material if the transactions to be entered into individually or taken together with previous transactions during a financial year exceeds five percent of the annual consolidated turnover of the Company as per the last audited financial statement of the Company.

**"Policy"** means Related Party Transaction Policy.

**"Related Party"** means related party as defined under Regulation 2(1)(zb) of Listing Regulations.

**"Relative"** means relative as defined under sub-section (77) of section 2 of the Act and rules prescribed there under.

**"Related Party Transactions"** As defined under Regulation 2(1)(zc) of Listing Regulations shall mean all the transaction as specified under Section 188 of the Act and rules prescribed thereunder.

**"Ordinary course of business"** shall mean and include.

- Transactions that are entered in the normal and usual course of business and are identical to the business of the company.
- Transactions that are reasonable in the context of the business of the Company.
- Transactions that are part of the standard industry practice.

Any other term not defined herein shall have the same meaning as defined in the Act and Listing Regulations or any other applicable law or regulation.

#### **IDENTIFICATION OF RELATED PARTY AND RELATED PARTY TRANSACTION**

- Each Director and Key Managerial Personal is responsible for providing disclosure regarding persons and entities to be considered as "related Party" by virtue of his/her being Director/KMP in the entity or holding certain shareholding. Such notice shall be provided to the Company at the time of appointment and also at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made.
- 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.





#### **TERMS OF THE POLICY:**

- All related party contract/arrangements shall comply with the provisions of Act.
- All related party contract/ arrangements shall comply with the relevant provision of Listing Regulations.
- All related party contract/ arrangements shall comply with applicable Accounting Standards issued by the Institute of Chartered Accountants of India.
- All international related party contract/arrangements shall comply with International Transfer Pricing Requirement under Section 92B of Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.

All the related party Transactions shall require prior Approval of Audit Committee including the transactions to be entered in the ordinary course of business. The Audit Committee shall accordingly recommend the Related Party Transaction for the approval of Board of Directors /Shareholders as per the terms of this policy.

- All the Related Party Transactions prescribed under Section 188 of the Act and within the threshold limits prescribed under Rule 15 sub rule (3) of Companies (Meetings of Board and its Powers) Rules, 2014 as amended, shall along with the Audit Committee Approval shall also require approval of the Board of Directors.
- All the Material Related Party Transactions and Related Party Transactions, exceeding the threshold limits prescribed under Rule 15 sub rule (3) of Companies (Meetings of Board and its Powers) Rules, 2014 as amended, shall require prior approval of the Audit Committee, Board of Directors and Shareholders through a resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Related Party Transactions which are either not at arm's length or not undertaken in the ordinary course of business shall require the prior approval of the Audit Committee, Board of Directors. However, the approval of the Shareholders shall also be required if the transaction exceeds certain thresholds prescribed under the Companies Act, 2013.

- The Audit Committee and the Board of Directors of the Company may give omnibus approval for the related party contracts/ transactions to be entered into by the Company. The criteria for making the omnibus approval which shall include the following, namely:

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- i. Maximum value of transactions with any related party, in aggregate, under the omnibus route in a year should not exceed 10% of the annual turnover of the Company as per last audited financial statements of the Company;
  - ii. Maximum value of transactions with any related party with respect to brand usage or royalty, in aggregate, under the omnibus route in a year should not exceed 2% of the annual turnover of the Company as per last audited financial statements of the Company;
  - iii. Maximum value per transaction which can be allowed should not exceed 1% of the annual turnover of the Company as per last audited financial statements of the Company;
  - iv. The Audit Committee shall be provided with the following details while seeking omnibus approval:
    - the name/s of the related party,
    - nature of transaction,
    - period of transaction,
    - maximum aggregated value of the particular type of transaction that can be entered into,
    - basis of arriving at the indicative base price/current contracted price and the formula for variation in the price if any and
    - such other conditions as the Audit Committee may deem fit.
  - v. The Audit Committee shall review the Related Party Transactions entered into by the Company pursuant to each of the omnibus approval made on quarterly basis;
  - vi. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- Based on the aforementioned criteria, the Audit Committee may, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that are repetitive in nature.
  - The Audit Committee may also, in the interest of the conduct of affairs of the Company, grant omnibus approval for transactions with any related party that cannot be foreseen and aforesaid details are not available for such transactions subject to their value not exceeding rupees 1 Crore per transaction.
  - Omnibus approval shall be valid for a period not exceeding one financial year and shall require refresh approval after the expiry of such financial year.
  - Any Director or Key Managerial Personnel who have a potential interest in any related party transaction are required to abstain from any discussion and voting on such transactions at the meeting of the Board or Audit Committee during discussions on the subject matter of the resolution relating to such transaction.
  - The Audit Committee or the Board of Directors will appoint an Independent Director and external auditors/independent consultant to review the material related party transactions from time to time.
  - The following transactions cannot be subject to omnibus approval:





- i. All material related party transactions as per Regulation 23 of the Listing Regulations, unless the Board determines that such a related party transaction requires shareholders' approval under applicable law.
- ii. All related party transactions which are not in the ordinary course of business and at arms' length and requires the approval of Board / Shareholders under Section 188 of the Act and the rules related thereto.
- iii. Transactions in respect of selling or disposing of the undertaking of the Company.

Any other transaction the Audit Committee may deem not fit for omnibus approval.

#### **DISCLOSURES**

- All Directors/KMP are required to disclose the parties in which they are interested/deemed to be interested in prescribed form at the time of their appointment, annually and whenever there is any change.
- Further, each Director and KMP of the Company shall promptly notify the Secretarial Department of any material transaction or Relationship that could reasonably be expected to give rise to a conflict of interest.
- Adequate disclosures of all related party transactions shall be made to the stock exchanges, published on the Company's website and provided in the Annual Report of the Company as per the Act and/or Listing Regulations.
- The company shall disclose the policy on dealing with Related Party Transactions on its website and a web-link thereto shall be provided in the Annual Report.
- The related party transaction shall be implemented as per the approval from the Board of Directors/ Committee/ Shareholders and in case there is any amendment or change in the transaction which require approval then transaction shall be implemented post such approval.

#### **AMENDMENT**

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.