



Policy on Related Party Transactions

1. Introduction:

Shakun Polymers Limited (the "Company") understands that Related Party Transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are fair and on arm's length basis. The Company has been in compliance with various laws and regulations in this regards so far and ensured that such transactions are in the best interest of the Company.

The Companies Act, 2013 (the "Act") and the Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI Listing Regulations") have laid down extensive requirements to be fulfilled in case of Related Party Transactions. Additionally, the Regulations specifies that the Company is required to formulate a policy on materiality of related party transactions and also on dealing with Related Party Transactions. Accordingly this Policy regulates all transactions between the Company and the Related Parties.

2. Definitions:

(i) **"Act"** means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments 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) **"Audit Committee"** means the "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under provisions of SEBI Listing Regulations and the Act.

(iv) **"Board of Directors" or "Board"** means the Board of Directors of the Company, as constituted from time to time.

(v) **"Control"** has the same meaning as defined under Section 2(27) of the Act.

(vi) **"Financial Year"** shall mean the period beginning from 1st April of every year to 31st March of the succeeding year.

(vii) **"Office or place of profit"** means any office or place—

- i. where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

- ii. where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

(viii) "Policy" means this Policy on Related Party Transactions of the Company.

(ix) "Relative" shall mean "relative" as defined in Section 2(77) of the Act.

(x) "Related Party/ies" shall mean an entity which is a related party under Section 2(76) of the Act or a related party under the applicable accounting standards to the Company.

(xi) "Related Party Transactions" shall mean transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged whether by way of any contract, arrangement or otherwise.

A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

Words and expressions used and not defined in the Policy shall have the same meanings respectively assigned to them in the Act and/or SEBI Listing Regulations, as amended from time to time.

3. Material Related Party Transaction:

A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual turnover or twenty percent of the net worth of the Company as per the last audited financial statements of the Company, whichever is higher.

4. Review and approval of Related Party Transactions:

Approval of related party transactions

A. Audit Committee:

- i) All the transactions which are identified as related party transactions shall be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the related party transactions for its approval.

ii) Any member of the Audit Committee who has a potential interest in any related party transaction will rescue himself/herself and abstain from discussion and voting on the approval of the related party transaction. A related party transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board of Directors or of shareholders, as the case may be.

iii) The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under the provisions of Section 177 of the Act and Rules made thereunder and Regulation 23 of the SEBI Listing Regulations, as amended from time to time, and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one financial year.

iv) Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a related party transaction, the Committee has authority to modify or waive any procedural requirements of this policy.

v) A related party transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.

B. Board of Directors:

In case any related party transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any related party transaction will rescue himself/herself and abstain from discussion and voting on the approval of the related party transaction.

C. Shareholders:

If a related party transaction is (i) a material transaction, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Act and the Rules made thereunder (as amended from time to time), it shall require shareholders' approval by a resolution. In such a case, all the related parties shall abstain from voting on such resolutions whether the Company is a related party to the particular transaction or not.

5. Criteria for approving Related Party Transactions:

The following criteria shall be taken into account, in determining whether to approve, ratify, disapprove or reject a Related Party Transaction and assessing the Related Party transactions:

- i. whether the Related Party Transaction is entered into on terms no less favorable to the Company than terms generally available to an unrelated third-party under the same or similar circumstances;
- ii. the terms of such transaction;
- iii. the Related Party's interest in the transaction;
- iv. purpose and timing of the transaction;
- v. whether the Company is a party to the transaction, and if no, the nature of the Company's participation in the transaction;
- vi. if the transaction involves the sale of an asset, a description of the asset, including date acquired and costs basis;
- vii. information concerning potential counterparties in the transaction;
- viii. approximate rupee value of the transaction and approximate rupee value of the Related Party's interest in the transaction;
- ix. whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- x. any other relevant information regarding the transaction.

6. Prior Board approval for certain transactions upto monetary ceiling with Related Parties

The Company shall not enter into below transactions with related parties unless prior approval of the Board of Directors of the Company is obtained by way of resolution passed at a meeting of the Board of Directors of the Company, which shall be subject to monetary ceilings specified therein:

Sr. No.	Nature of Transaction(s)	Monetary Ceiling for transaction(s) during a financial year per related party
1	Sale, purchase or supply of any goods or materials or services	5% of annual turnover or 20% of net worth of the Company (subject to maximum of Rs.50 crores in a financial year) as per the last audited financial statements of the Company, whichever is higher
2	Selling or otherwise disposing of, or buying, property of any kind	5% of annual turnover or 20% of net worth of the Company (subject to maximum of Rs.50 crores in a financial year) as per the last audited financial statements of the Company, whichever is higher
3	Leasing of property of any kind	2.50% of annual turnover or 10% of net worth of the Company (subject to maximum of Rs.15 crores in a financial year) as per the last audited financial statements of the Company, whichever is higher

Policy on Related Party Transactions

4	Such related party's appointment to any office or place of profit in the Company	As per performance assessment by the Company and industry standards
5	Other related Party Transactions in the normal course of business	Such other transactions as would be required approval of the Audit Committee and Board of Directors

7. Amendments to the Policy

The Audit Committee of the Company shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company. Any or all provisions of this policy would be subject to revision/amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. 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.
