

SHILPA MEDICARE LIMITED
Related Party Transactions Policy
(Effective from October 01, 2014)

POLICY FOR CONSIDERATION AND APPROVAL OF RELATED PARTY TRANSACTIONS

1. Introduction

Shilpa Medicare Limited (hereinafter referred to as “SHILPAMED” or “The Company”) recognizes that Related Party Transactions (as defined below) may have potential or actual conflict of interest and may raise questions whether such transactions are consistent with the Company and its shareholders’ best interests and in compliance to the provisions of the Companies Act, 2013 and clause 49 (Revised as on 15.09.2014) of the Listing Agreement.

1.1 About the company

Shilpa Medicare Limited, the flagship company of the Shilpa Medicare group, operates within different product-geography segments in the business verticals of power generation, ferro alloys, mining and agribusiness. The Company has a distributed asset base spread over India, South East Asia and Africa. The global headquarters of the Company are located at Hyderabad, India.

1.2 Scope and purpose of the policy

The Board of Directors of the Company adopted the following policy and procedures with regard to Related Party Transactions. The Audit Committee will review and may amend the policy as and when required subject to the approval of the Board.

The objective of this policy is to regulate transactions between the Company and its Related Parties as determined according to the Companies Act, 2013, Listing Agreement and any other Laws and Regulations as may be applicable to the Company.

2. Definitions

2.1 Act:

“Act” means the Companies Act, 2013 including any amendment or modification thereof.

2.2 Arm’s Length Transaction:

“Arm’s Length Transaction” means a transaction between two related parties that is conducted as if they were unrelated.

2.3 Associate:

“Associate” means a company as defined under section 2(6) of the Companies Act, 2013 and as defined by Accounting Standard (AS) 23, “Accounting for Investments in Associates in Consolidated Financial Statements”.

2.4 Audit Committee:

“Audit Committee” means the Committee of the Board formed under section 177 of the Act and Clause 49(III) of the Listing Agreement.

2.5 Body Corporate:

“Body Corporate” means an entity as defined in Section 2(11) of the Companies Act, 2013.

2.6 Clause 49:

“Clause 49” means the Clause 49 of the Listing Agreement with the stock exchanges including any amendment or modification thereof.

2.7 Company:

“Company” means Shilpa Medicare Limited.

2.8 Director:

“Director” means a person as defined in Section 2(34) of the Companies Act, 2013.

2.9 Employees:

“Employees” shall mean the employees including but not limited to Whole Time Directors.

2.10 Key Managerial Personnel:

“Key Managerial Personnel” shall mean the officers of the Company as defined in Section 2(51) of the Companies Act, 2013 and rules made thereunder.

2.11 Material Related party Transactions:

“Material Related Party Transactions” shall mean a transaction defined as material in Clause 49(VII)(C) of the Listing Agreement or any other Law or Regulation including any amendment or modification thereof, as may be applicable.

2.12 Ordinary course of business:

“Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.

2.13 Relative:

“Relative” mean persons as defined in Section 2(77) of the Act and rules prescribed thereunder.

2.14 Related party:

“Related Party” means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act, Rules, Clarifications and Clause 49(VII) (B) of the Listing Agreement and any modifications thereof.

2.15 Related party transactions:

“Related Party Transactions” shall mean such transactions as specified Section 188 of the Act or Rules made thereunder and Clause 49(VII)(A) of the Listing Agreement including any amendment or modification thereof, as may be applicable.

2.16 Subsidiary:

“Subsidiary” means a company as defined in Section 2(87) of the Companies Act, 2013.

2.17 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.

3. Related party transactions under the policy

3.1 Any transfer of resources, services or obligations between the company and a related party, regardless of whether a price is charged, would get covered as a ‘Related Party Transaction’.

3.2 Execution of Related party transactions

Any transaction with a Related Party can be undertaken only if it is in compliance with the Law.

3.3 Approval Process

The Company will enter into any Related Party Transactions only with the prior approval of the Audit Committee. The Audit Committee may grant omnibus approval for the proposed Related Party Transaction subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting 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 Audit Committee shall satisfy itself with the need for such omnibus approval and that such approval is in the interest of the Company;
- c. Such omnibus approval shall specify the following:
 1. Name(s) of the Related Party;
 - Nature of the transaction;
 - Period of transaction;
 - Maximum amount of transaction that can be entered into;
 2. The indicative base price / current contracted price and the formula for variation in the price, if any, and;
 3. Such other conditions as the Audit Committee may deem fit.

Provided where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1.00 crore per transaction;

- d. The Audit committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approvals 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.

The Audit Committee will have the discretion to recommend / refer any matter relating to the Related Party Transaction to the Board for approval.

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.

In the event a transaction, contract or arrangement with the Related Party is either not in the ordinary course of business or is not at arm's length or both, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board and its shareholders, as applicable.

The following types of transactions require approval from shareholders:

- Transactions not in the ordinary course of business or not at an arm's length
- Material Transactions as defined under clause 49 (VII) (C) of the listing agreement
- Pursuant to Clause 49 (VII) (E), the approval of Audit Committee and Shareholders was exempted in respect of 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.

The above exemption is subject to the provisions of Section 188 of the Act and including amendments that may be made thereof from time to time.

For the purpose of Clause 49(VII), all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

4. Transactions at arm's length

The Company has laid down a framework to assess whether transactions with related parties are done at an arm's length and company adopts generally accepted practices and principles in determining whether the transaction is at "arms' length".

5. Disclosure by Directors/ KMPs – A.

Disclosure of interests

- All Directors/ KMPs are required to disclose the entities in which they or their relatives are or deemed to be interested, in the prescribed form (Annexure – A).
- Each Director and KMP of the Company shall promptly notify the Company Secretary of any material transaction or Relationship that could reasonably be expected to give rise to any conflict of interest.
- The Company shall maintain a Register in the prescribed form.
- 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.

Details of all material transactions with related parties shall be disclosed, quarterly in the compliance Report on Corporate Governance, as required under listing agreement.

B. Disclosure of Related Party Transaction entered with the company

Each Director and KMP of the Company is responsible to provide a declaration in the prescribed Form (Annexure – B) to the Company Secretary about Related Party Transaction involving the Company and him or her or an entity wherein he/ she or his /her relative is interested, including any additional information about the transaction as may be required.

6. Guiding Principles for approval of a Related Party Transaction by the Board/ Audit Committee

The Board/ Audit Committee will be provided with all the relevant information pertaining to the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and any other matter, as may be required. In determining whether approval is to be accorded to a Related Party Transaction. The Board/ Audit Committee will consider the following factors:

- Whether the terms of the Related Party Transaction are fair 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 impair the independence of an otherwise Independent Director;

Whether the Related Party Transaction would cause a conflict of interest for any Director, or KMP of the Company, taking into account the size of the transaction, the overall interest of the Director, KMP or other Related Party, the direct or indirect interest of the Director, KMP or other Related Party in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/ Audit Committee deems fit to consider.

In case the Board/ Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Board/ Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or recession or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Board/ Audit Committee has authority to modify or waive any procedural requirements of this Policy.

7. Consequences of non-compliance of such policy for any Related party transaction

Non-compliance of this Policy may lead to initiation of disciplinary proceedings against the employee. Details of such disciplinary proceedings will form part of the personal file of such employee and will be considered as a default on his or her key responsibilities.

The aforesaid disciplinary action would be in addition to the prescribed penal consequences under Companies Act, Listing Agreement, Securities Contract Regulation Act, 1956 or the employee standing orders of the Company.

A N N E X U R E A
(UNDER THE RELATED TRANSACTIONS POLICY)
NOTICE OF INTEREST BY DIRECTOR / KEY MANAGERIAL PERSONNEL

To
The Company Secretary / Compliance Officer
Shilpa Medicare Limited
Plot No:10, Shop No: 80,
Rajendra Ganj, Raichur,
Karnataka-584102
Dear Sir,

A. I, _____ son/daughter/spouse of _____ resident of _____ holding _____ shares (equity or preference) of Rs.____ each (_____ percent of the paid-up capital) in the Company in my name, being a _____ in the Company, hereby give notice that I am interested directly / through my Relative (Schedule) in the following company or companies, body corporate, firms or other association of individuals:

Sr.No.	Name of the Companies / Bodies Corporate / Firms / Association Of Individuals	Nature of Interest or concern / change in Interest or Concern	Shareholding	Date on which Interest or Concern arose / changed

B. The following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with my advice, directions or instructions;

Sr.No.	Name of the Body Corporate

C. I am accustomed to act on the advice, directions or instructions of the following persons (including Bodies Corporate) (other than advice, directions or instructions in professional capacity).

Sr.No.	Name of the person	Relation

Place :
Date : 01.10.2014

Signature :
Name :
Designation :

**SCHEDULE
LIST OF RELATIVES**

No.	Relationship	Full Name	Address	Shareholding in Shilpa Medicare Limited
1	Spouse			
2	Father (including Step-Father)			
3	Son (including Step-son)			
4	Daughter			
5	Daughter's Husband			
6	Brother (including Step-Brother)			
7	Sister (including Step-Sister)			
8	Mother (including Step-Mother)			
9	Son's Wife			
10	Members of HUF			

Annexure – B
(UNDER THE RELATED TRANSACTIONS POLICY)

To
The Company Secretary / The Chief Financial Officer
Shilpa Medicare Limited
Plot No:10, Shop No: 80,
Rajendra Ganj, Raichur,
Karnataka-584102

Dear Sir,

I, _____, being a member of the Board of Directors / Senior Management of _____ hereby acknowledge and confirm that:

- i. I am aware of the Policy for Related Party Transactions of the Company for the Directors / Senior Management of the Company;
- ii. During the financial year _____, I have entered into the following contracts / arrangements / transactions with the Company and such contracts / arrangements / transactions qualify for exemption as “Related Party Transactions” as per the Policy.
- iii. I am not aware of any non-compliance with the said Policy.

Signed :

Name :

Designation :

Date :

Place :