

POLICY ON RELATED PARTY TRANSACTIONS

1. Preamble

The Audit Committee/Board of Directors of Shalimar Wires Industries Limited (the Company) has adopted the following policy and procedure to regulate Related Party Transactions between the Company and its related parties based on provision of Clause 49 (VII) of the Listing Agreement and other applicable laws.

2. Purpose

This policy is framed as per requirement of Clause 49(VII) of the Listing Agreement entered by the Company with the Stock Exchange. The policy is devised to ensure proper approval and reporting on materiality of Related Party Transactions and also on dealing with Related Party Transactions between the Company and its Related Parties.

3. Related Party and Related Party Transaction

3.1. For the purpose of this policy, an entity shall be considered as related to the Company if :

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

3.2. Related Party Transaction means transaction in the nature of contract involving transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

4. Policy

4.1. All Related Party Transactions shall require prior approval of Audit Committee. Every Director and Key Managerial Personnel of the Company is required to provide information to the Company of any potential related party transaction with the Company involving him or her or his or her relative by way of a Notice addressed to the Company Secretary. Such Notice shall be placed at the next meeting of Audit Committee for review and approval. However, the Audit Committee after satisfying itself may grant omnibus approval for Related Party Transactions proposed to be entered by the Company where such transaction are repetitive in nature and are found to be in line with the policy and in the interest of the Company.

4.2. Any member of the Committee or the Board who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

4.3. 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. A transaction with a related party 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.

4.4. The following information shall be placed before the Audit Committee while evaluating potential Related Party transaction:

- (i) the name/s of the related party,
- (ii) nature of transaction,
- (iii) Period of transaction,
- (iv) amount involved / maximum amount of transaction that can be entered into,
- (v) similar transaction being undertaken in ordinary course of business,
- (vi) determination of arm's length price of such transaction and any variation proposed in Related Party transaction from the current market price.

4.5. In the event, the committee identifies a related party transaction which has already been commenced without approval, the Committee shall evaluate all facts and circumstances and may consider ratification, revision or termination of the related party transaction.

5. Consent of the Board and the shareholders would also be taken in respect of all related party transaction, except in the following cases:

- i. The transactions entered into by the Company in its ordinary course of business and are on an arm's length basis; and
- ii. The transaction / transactions to be entered into individually or taken together with previous transactions during a financial year does not exceed 10% of the annual consolidated turnover of the company as per the last audited financial statements of the Company.

6. The agenda of the Board Meeting at which the resolution is proposed to be moved and explanatory statement to be annexed to the notice of such general meeting, shall disclose all such details/ information about the contract as are prescribed under the Companies (Meeting of Board and its Powers) Rules, 2014.

7. Any director who is interested in any contract or arrangement with a related party, shall not be present at the meeting during discussions on the subject-matter of the resolution relating to such contract or arrangement and such related party shall abstain from voting on such resolutions of the shareholders whenever any related party transaction requires approval of the Board and the shareholders through special resolution.

8. This policy will be communicated to all Directors and Key Managerial Personnel of the Company.

9. The Board of directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. 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.

10. The policy shall be disclosed on the company's website and a web link thereto shall be provided in the Annual Report.