

SHREE KARTHIK PAPERS LIMITED

CIN No. L21012TZ1991PLC003570

Preamble

Shree Karthik Papers Limited ("the Company") believes in ethical conduct of business and maintains transparency and accountability in its activities. Related Party transactions are conducted at arm's length basis with any such transaction being on no less favourable than terms available to any unconnected third party under the same or similar circumstances.

Application to the Policy

This Policy applies to the company's Directors and Senior Managers. Related Party Transactions constitute a conflict of interest within the meaning of the company's code of corporate governance. This Policy is not intended to conflict with any applicable laws or regulations and if any such conflict occurs the requirements of the law or regulation shall prevail

Objective

This policy is intended to provide a framework to monitor and ensure proper compliance of the applicable statutory provisions relating to identifying, approving, recording and reporting of transactions between the Company and any of its related parties.

Scope of the Policy

The Company's policy and procedure relating to identification, regulation, governance of all transactions of the Company with related parties as contemplated under Section 188 of the Companies Act, 2013, the Companies (Meeting of Board and its Powers) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable Accounting Standards are addressed in this policy. Any exceptions provided in the Policy on Related Party Transactions under this policy are consistent with the said Acts / Regulations. Further, the Board reserves the right to change, amend or modify this policy from time to time as may deem fit to be in line with the changing requirements.

Review and Approval procedures

Directors shall disclose to the Board, through the Company Secretary, details of all their relatives, other directorships, firms in which they or their relatives are partners, private companies in which the Director is a member or director, public companies in which the Director is a director or holds along with his relatives more than two percent of its paid-up share capital, any body corporate whose Board of directors, managing director, or manager is accustomed to act in accordance with the advice directions or instructions of a Director or Manager and any person on whose advice, directions or instructions a director or manager is accustomed to act. The key managerial personnel should disclose their relatives. Any changes in the particulars must be informed promptly to the Board of directors through the Company Secretary.

The Directors and Key Managerial Personnel shall inform immediately the Board through the Company Secretary of any proposed related party transactions as soon as they become aware of it. It is the responsibility of the Director(s) or Key Managerial Personnel who are interested in a proposed Related Party Transaction(s) to inform the Board, through the Company Secretary and obtain approval prior to entering into the transaction. Interested Director(s) / Key Managerial Personnel shall not be present at the meeting during discussions on the subject matter of the resolution(s)

Identification of Related Parties Transactions

Relatives means

- i. They are members of a Hindu Undivided Family;
- ii) They are husband and wife; or
- iii) One person is related to the other in the following manner, namely:
 - a). Father including step father
 - b) Mother including step mother
 - c) Son including step son
 - d) Son's Wife
 - e) Daughter
 - f) Daughter's Husband
 - g) Brother including step brother
 - h) Sister including step sister

For purposes of this policy

I. A related party transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

II. A 'related party' is a person or entity that is related to the company.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

1. A person or a close member of that person's family is related to a company if that person:

- a. is a related party under Section 2(76) of the Companies Act, 2013 or
- b. has control or joint control or significant influence over the company; or
- c. is a Key Management Personnel of the company or of a parent of the company; or

2. An entity is related to a company if any of the following conditions apply:

- a. The entity is a related party under Section 2(76) of the companies Act, 2013; or
- b. The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
- c. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
- d. Both entities are joint ventures of the same third party; or
- e. One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
- f. The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company; or

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- g. The entity is controlled or jointly controlled by a person identified in (1).
- h. A person identified in (1) (b) has significant influence over the entity (or of a parent of the entity).

“Related Party” is defined under Section 2(76) of the Companies Act 2013 as

- i) a director or his relative
- ii) a key managerial person or his relative
- iii) a firm in which a director, manager or his relative is a partner
- iv) a private company in which a director or manager is a member or director;
- v) a public company in which a director or manager is a director or holds along with his relatives, more than two percent of its paid-up share capital.
- vi) any body corporate whose Board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- vii) any person on whose advice, directions or instructions a director or manager is accustomed to act provided nothing vi & vii above shall apply to the advice, directions or instructions given in a professional capacity.
- viii) any company which is an associated company of such company
- ix) a director or key managerial personnel of the holding company or his relative with reference to a company shall be deemed to be a relative party.

III. All Related Party Transactions other than transactions entered into by the company in the ordinary course of business at arm’s length basis shall require prior approval of the Audit committee.

IV. Material Related Party Transactions

a. Under SEBI (LODR) Regulations, 2015, material related party transaction means the transaction or transactions with a related party, to be entered into individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

b. Under the Companies Act, 2013” means the transaction or transactions with a related party, individually or taken together with all previous transactions during the financial year of the company.

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 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

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

Disclosures

1. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
2. The company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a special resolution in the general meeting under sub-section (1) 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 contract or arrangement was entered into, such contract or arrangement 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 authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

Maintenance of Registers

The Company shall keep and maintain a register, physically or electronically, in respect of related party transactions which are required to be entered in the Register as may be specified in the Companies Act, 2013 or SEBI (Listing Obligation and Disclosures) Requirements Regulations, 2015 and such register will be placed of before the next meeting of the Board of Directors.

- a. The Company shall maintain such register at the Registered Office of the Company by the Chief Financial Officer/ Authorised person of the company and provide extracts from such register to a member of the Company on his/her request, within seven days from the date on which such request is made upon the payment of such fee as may be specified in the articles of the Company.
- b. The register to be kept under this section shall also be produced at the commencement of every Annual General Meeting of the Company and shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.
- c. The register shall be preserved permanently and shall be kept in the custody of the Chief Financial Officer of the Company or any other person authorized by the Board for the purpose.

Policy Review

The Audit Committee shall review and assess the adequacy of this policy at least annually and recommend for approval by the Board any changes it considers necessary from time to time.