



## **Shemaroo Entertainment Limited**

# **Policy on dealing with Related Party Transactions**

*(Pursuant to Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015)*

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## ***1. PREAMBLE:***

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Shemaroo Entertainment Limited believes in adhering to highest ethical standards, transparency and accountability in conduct of its business and recognizes the fact that certain relationships can present potential or actual conflicts of interest which may raise questions about whether transactions associated with such relationships are consistent with Company's and its stakeholders' best interests.

In order to strive towards achieving highest standards of corporate ethics & transparency and adhering to an appropriate governance framework, the Company ensures that such Related Party Transactions are managed and disclosed in accordance with the strict legal and accounting requirements to which the Company is subject.

The Board of Directors (the "Board") of Shemaroo Entertainment Limited (the "Company" / "Shemaroo") has adopted Policy on dealing with Related Party Transactions (the "Policy") in accordance with the provisions of Section 188 of the Companies Act, 2013 and rules there-under, as amended from time to time and read with Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (the "Listing Regulations") which sets out a framework for identification of related parties, approval of Related Party Transactions and the proper conduct and documentation of all Related Party Transactions. This Policy as framed and implemented by the Audit Committee has been modified in lines with the latest applicable legal provisions and is effective from December 01, 2015.

## ***2. OBJECTIVE:***

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The Company through this Policy endeavors to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company and also lay down mechanism for identification, approval, review and reporting of such transactions.

## ***3. DEFINITIONS:***

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- a. **"Act"** means Companies Act, 2013 and the Rules framed there under including any statutory modifications or re-enactments thereof.
- b. **"Arm's length transaction ('ALP')"** means transaction carried out between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determining Arm's Length basis, guidance may be taken from the transfer pricing provisions under the Income Tax Act, 1961.
- c. **"Audit Committee"** means the Committee of Board constituted from time to time under the provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act. 2013.

- d. **“Associate Company”** means any other company, in which the Company has a significant influence, but which is not a subsidiary company of the Company having such influence and includes a joint venture company.

*Explanation – For the purpose of this clause, “significant influence” means Control of at-least twenty percent of total share capital or of business decisions under an agreement.*

- e. **“Board of Directors” or “Board”**, in relation to a Company, means the collective body of the directors of the company constituted from time to time under the provisions of Companies Act, 2013.
- f. **“Company”** means Shemaroo Entertainment Limited.
- g. **“Control”** shall have the same meaning as defined under the Companies Act, 2013 and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 2011, in the context as may be mentioned.
- h. **“Key Managerial Personnel”**, in relation to a company, means as defined in Section 2(51) of the Companies Act, 2013.
- i. **“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 ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.
- j. **“Regulations”** means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time).
- k. **“Related Party”** means a person or an entity:
- a. which is related party under section 2(76) of the Companies Act 2013; or
  - b. which is a related party under the applicable accounting standards
- l. **“Related Party Transaction”** means a transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a price is charged.
- m. **“Relative”** means relative as defined by Section 2(77) of the Companies Act, 2013 and rules prescribed there-under.
- n. **“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions.

#### **4. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS:**

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##### **I. Identification / Updating of Related Party:**

###### **A. Identification of Related Party:**

Every Director and Key Managerial Personnel will be responsible for providing a declaration in the format as per Annexure 1 containing the following information to the Board / Audit Committee on an annual basis:

1. Names of his / her Relatives;
2. Partnership firms in which he / she or his / her Relative is a partner;
3. Private Companies in which he / she or his / her Relative is a member or Director;
4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;

###### **B. Updating of Related Party:**

Every Director and the Key Managerial Personnel will also be responsible to update the Board / Audit Committee of any changes in the above relationships, directorships, holdings, interests and / or controls immediately on happening of event or him / her becoming aware of such changes, whichever is earlier.

The database will be updated whenever necessary and will be reviewed at least once a year jointly by the Company Secretary and Chief Financial Officer.

###### **C. Responsibilities of Company Secretary:**

The Company Secretary shall be responsible to maintain an updated database of information pertaining to Related Parties reflecting details of –

1. All Directors and Key Managerial Personnel;
2. All individuals, partnership firms, companies and other persons as declared and updated by Directors and Key Managerial Personnel;
3. Company's holding company, subsidiary companies and associate companies;
4. Subsidiaries of holding company;
5. Director or Key Managerial Personnel of the holding company or their Relatives;
6. All Shemaroo Group entities; and
7. Any other entity which is a Related Party as defined under Section 2(76) of the Companies Act, 2013 read Regulation 30 of the Listing Regulation, 2015 or the relevant Accounting Standard.

## **II. Identification of Related Party Transactions:**

Every Director, Key Managerial Personnel is responsible for providing Notice to the Board or Audit Committee of any potential Related Party Transaction involving him/her or his/her relative, including any additional information about the transaction that the Board or Audit Committee may request. The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Notice relating to disclosure of potential Related Party Transaction shall be received in well advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

## **III. Approval process for Related Party Transaction :**

### ➤ Approval of Audit Committee:

All Related Party Transactions will be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode, as required by Listing Regulations.

Where any director is interested in any contract or arrangement with a related party, such director will not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

### ➤ Omnibus Approval:

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre –approval / omnibus approval. While granting the approval for related party transactions proposed to be entered into by the Company, the Audit Committee will satisfy itself of the need for the omnibus approval and that same is in the interest of the Company.

The omnibus approval shall specify the following:

- ✓ Name(s) of the related party, Nature of the transaction, Period of the transaction
- ✓ Maximum amount of the transactions that can be entered into
- ✓ Indicative base price / current contracted price and formula for variation in price, if any
- ✓ Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors will require a prior approval of the Committee. Omnibus approval shall not be made for transactions relating to disposing of the undertaking of the Company.

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction. The details of such transaction will be reported at the next meeting of the Audit Committee for ratification.

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 approval given. The omnibus approval shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.

➤ Approval of the Board of Directors:

Transactions with the related parties which are not in ordinary course of business and/or not at arm's length price but whose value is within the thresholds limits as prescribed in the Section 188 of the Act read with rules made there under shall along with the approval of Audit Committee also require approval of the Board.

➤ Shareholders' Approval:

- All the 'Material Related Party Transaction' shall require approval of shareholders through ordinary resolution and the Related Parties shall abstain from voting on such resolutions irrespective of whether the entity is a related party to the particular transaction or not.
- Transactions, other than Material Related Party Transaction, with the Related Parties which are (a) not in ordinary course of business or arm's length; and (b) exceeds thresholds laid down in Section 188 read with Companies (Meetings of Board and its Powers) Rules, 2014, shall also require shareholders approval through ordinary resolution and the Related Parties shall abstain from voting on such resolutions.

Provided that the 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 general meeting for approval, shall not require shareholders' approval.

➤ Related Party Transactions not previously approved:

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation the matter shall placed as promptly as practicable before the Audit Committee. The Audit Committee shall consider all relevant facts and circumstances respecting such transaction and will evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company will take such action as the Committee deems appropriate under the circumstances.

## **5. DISCLOSURES:**

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The Company shall ensure strict compliance with all its disclosure obligations in relation to related party transactions as required under the Act, the Listing Regulation and AS-18.

This Policy will be uploaded on the website of the Company at <http://www.shemarooent.com> and a web-link to the Policy shall be provided in the Annual Report of the Company.

## **6. GENERAL:**

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- 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 the Company.
- In the event of any conflict between the provisions of the Listing Regulation / Companies Act, 2013, or in case of any omission of any of the provisions of the Listing Regulation / Companies Act, 2013, the provisions of the Listing Regulation / Companies Act, 2013, as amended shall prevail or be applicable, as the case may be.
- Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations or any other applicable law or regulation to the extent applicable to the Company.

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Notice of interest by Director / Key Managerial Personnel  
[Pursuant to section 184 (1) of Companies Act 2013 and rule 9(1)]

**The Board of Directors,  
Shemaroo Entertainment Limited,**  
CIN: L67190MH2005PLC158288,  
Shemaroo House, Plot No.18,  
Marol Co-op. Industrial Estate,  
Off. Andheri-Kurla Road,  
Andheri (E), Mumbai-400059.

Dear Sirs,

I, ....., S/o ..... R/o ....., holding (DIN / PAN: .....), being a  
....., in **Shemaroo Entertainment Limited (“Company”)** holding ..... **Equity Shares** of  
Rs. 10/- each (..... percent of the paid-up capital) hereby give notice of my interest or concern in the following  
company or companies, bodies corporate, firms or other association of individuals:-

<b>Sl.</b>	<b>Name of Companies/Bodies corporate/Firms/Association of individuals</b>	<b>Nature of interest or concern</b>	<b>Share holding</b>	<b>Date on which Interest or concern arose/changed</b>

**Signature:** .....

**Name:** .....

**DIN / PAN:** .....

Place:

Date:

### LIST OF RELATIVES

<b>Sr. No.</b>	<b>Relationship</b>	<b>Name of Relative</b>
1.	Spouse	
2.	Members of HUF	
3.	Father (Provided that the term "Father" includes step-father)	
4.	Mother (Provided that the term "Mother" includes the step-mother)	
5.	Son (Provided that the term "Son" includes the step-son)	
6.	Son's wife	
7.	Daughter	
8.	Daughter's husband	
9.	Brother (Provided that the term "Brother" includes the step-brother)	
10.	Sister (Provided that the term "Sister" includes the step-sister)	