



*Policy on Materiality of Related Party Transactions and Manner of
Dealing with Related Party Transactions*

**SHAILY ENGINEERING PLASTICS LIMITED SURVEY # 364/366, RANIA, TA-
SAVLI DIS- VADODARA-391780**

CIN- L51900GJ1980PLC065554

Shaily Engineering Plastics Ltd. (“Company”) has always been committed to good corporate governance practices. This Policy is regarding the review and approval of Related Party Transactions and has been adopted by the Company’s Board of Directors in order to set forth the procedure under which certain transactions must be reviewed and approved or ratified. The Board of Directors has adopted this policy upon recommendation of the Audit Committee. The said Policy includes material thresholds and the manner of dealing with Related Party Transaction (“the Policy”) in compliance with the requirements of the Section 188 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and Corporate Governance norms prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Amendments, from time to time, to the Policy, if any, shall be considered by the Board of Directors based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its related parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

The amendments to this Policy have been approved by the Board of Directors at their meeting held on **February 12, 2026** & the same will come into force from **February 13, 2026**.

2. Objective

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders. Further, the SEBI Listing Regulations, 2015 mandates formulation of a policy on materiality of Related Party Transactions and on dealings with Related Party Transactions. This Policy has been framed for complying with this requirement.

This Policy specifically deals with review and approval mechanism of Material Related Party Transactions keeping in mind the potential or actual conflict of interest that may arise because of such transactions.

3. Definitions

“Act” means Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

“SEBI Listing Regulations, 2015” means Securities Exchange Board of India Listing Obligations and Disclosure Requirement Regulations, 2015 and any amendments thereto.

“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 determining Arm’s Length basis, guidance may be taken from the transfer pricing provisions under the Income tax Act, 1961.

“Policy” means the current policy on materiality of Related Party Transactions and also on dealings with Related Party Transactions, including amendments, if any, from time to time.

“Related Party” means a related party as defined from time to time under sub-section (76) of section 2 of the Companies Act, 2013, under the applicable accounting standards and Regulation 2(1)(zb) of SEBI Listing Regulations, 2015, as amended from time to time.

“Related Party Transaction” means related party transaction as defined under Regulation 2(1)(zc) of the SEBI Listing Regulations, 2015, as amended from time to time.

“Relative” means a relative as defined under Section 2 (77) the Act.

“*Transaction*” with a related Party shall be construed to include any contract or arrangement or transaction, whether single or as a group of transactions and for the purpose of applying thresholds laid down in this Policy, it shall include previous transactions during the financial year with the Related Party.

“*Material Related Party Transaction*” means a transaction with a Related Party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the thresholds specified in Schedule XII of SEBI Listing Regulations, 2015 reproduced below:

Consolidated Turnover of Listed Entity	Threshold
I. Up to ₹20,000 Crore	10% of the annual consolidated turnover of the listed entity
II. More than ₹20,000 Crore to up to ₹40,000 Crore	₹2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore
III. More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 Crore or ₹5000 Crores, whichever is lower.

Notwithstanding the aforesaid, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“*Material Modifications*” shall mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be

All other terms used in this policy but not defined herein shall have the same meaning as is assigned to them under the Act, the Listing Regulations and rules, regulations, notifications and circulars issued thereunder.

4. Policy

All Related Party Transactions must be reported to the Audit Committee and approved or referred for approval by the Audit Committee based on this Policy. This Policy shall be reviewed by the Board of Directors once every three years and updated as may be required.

4.1 Identification of 'Related Party'

Every Director and KMP is responsible to declare/ disclose to the Company immediately upon any change in the status of his/ her Interest or Concern in any person or entity, that may cause him/ her to be regarded as Related Party of the Company in accordance with this Policy, on account of his / her being director or KMP of the Company. Such declaration shall include disclosure of his / her (and his / her relative's) Concern or Interest in any company or companies or bodies corporate, firms or Association of Persons, which shall include the shareholding, directorship, membership, partnership, etc.

The Company Secretary shall identify other persons or entities that would be regarded as Related Parties on account of their relationship as per definition of related party mentioned in this Policy on a quarterly basis based on the information available with him or after making enquiries as may be necessary.

The Company Secretary shall prepare a comprehensive list of Related Parties based on the information received from Director, KMP and other persons or entities identified by him. Such list shall be updated on a quarterly basis, or more frequently should the need arise, and circulated to the concerned persons.

4.2 Identification of potential Related Party Transactions

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

4.3 Review and approval of Related Party Transactions

All Material Related Party Transactions and subsequent Material Modifications and Related Party Transactions which are not in the ordinary course of the Business or which are in the ordinary course of business but not on Arm's Length transaction shall require prior approval of the Audit Committee and the Board. However, Related Party Transactions which are in ordinary course of business of the Company and on Arm's Length Price shall be periodically disclosed to the Audit Committee/Board.

All Related Party Transactions which are not on Arms' length transaction shall require specific prior approval from the Audit Committee and the Board. Wherever required, approval shall be sought from the shareholders of the Company in terms with applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations, 2015.

Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.

4.3.1 Audit Committee

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolutions by circulation. However, the Audit Committee may grant prior omnibus approval for Related Party Transactions which are in the ordinary course of business and satisfy the Arm's Length basis, subject to the compliance of conditions contained in SEBI Listing Regulations, 2015.

All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the listed entity. Audit Committee needs to define material modifications and disclose it as a part of the Policy on materiality of RPTs and dealing with RPTs **(Effective from 01.04.2022)**

Any member of the Audit Committee who has a potential conflict of interest in any Related Party Transaction will not remain present at the meeting or shall abstain from discussion and voting on the approval of such Related Party Transaction and shall not be counted in determining the presence of quorum when such transaction is considered. Only those members of the audit committee, who are independent directors, shall approve Related Party Transactions.

To review a Related Party Transaction, the Audit Committee shall be provided with respect to actual or potential Related Party Transactions and/or prescribed under the Act and the Listing Regulations.

While considering any Related Party Transaction, the Audit Committee shall take into account all relevant facts and circumstances, including the terms and business purpose of such transaction, the benefits of the Company and to the Related Party, whether such Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction and any other relevant matters.

A Related Party Transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction exceeds the lower of the following:

- (i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
- (ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of SEBI Listing Regulations, 2015.]

In the event of a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the listed entity shall be obtained if the value of such transaction exceeds the lower of the following:

- (i) ten percent of the *aggregate value* of paid-up share capital and securities premium account of the subsidiary; or
- (ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of SEBI Listing Regulations, 2015:

The *aggregate value* of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.

Audit Committee's approval would not be required if the listed subsidiary of the Company is subject to compliance of Regulation 23 and Regulation 15(2) of the SEBI Listing Regulations, 2015. RPT's of unlisted subsidiaries of a listed subsidiary, prior approval of the audit Committee of the listed subsidiary would suffice.

Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity or its subsidiary subject to the following conditions, namely-

- a. the audit committee shall lay down the criteria for granting omnibus approval in line with the policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b. the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;
- c. the omnibus approval shall specify:
 - the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered,
 - the indicative base price / current contracted price and the formula for variation in the price if any; and
 - such other conditions as the audit committee may deem fit:

- d. 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 rupees one crore per transaction.
- e. the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered by the listed entity or its subsidiary pursuant to each of the omnibus approvals given.
- f. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Information to be reviewed by the Audit Committee:

- A. In terms with SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/135 dated October 13, 2025, the listed entity shall provide the audit committee with the information as specified in the Industry Standards on “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions”, while placing any proposal for review and approval of an RPT.
- B. In case any transaction with a related party, whether individually or taken together with previous transaction(s) during a financial year (including transaction(s) which are approved by way of ratification), do not exceed 1% of annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity or Rupees Ten Crore, whichever is lower, the listed entity shall provide ‘Minimum information to the Audit Committee for approval of Related Party Transactions’ specified herein below:
 - a) Type, material terms and particulars of the proposed transaction
 - b) Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
 - c) Tenure of the proposed transaction (particular tenure shall be specified);
 - d) Value of the proposed transaction
 - e) The percentage of the listed entity’s annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary’s annual turnover on a standalone basis shall be additionally provided);
 - f) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - i. details of the source of funds in connection with the proposed transaction;
 - ii. where any financial indebtedness is incurred to make or give loans, intercorporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and

- iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
 - g) Justification as to why the RPT is in the interest of the listed entity;
 - h) A copy of the valuation or other external party report, if any such report has been relied upon;
 - i) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
 - j) Any other information that may be relevant
- C. The above requirements, shall not be applicable to transaction(s) with a related party to be entered into individually or taken together with previous transactions during a financial year (including which are approved by way of ratification) which does not exceed Rs. One Crore."

The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

4.3.2 Board of Directors

If the Audit Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for the Board to approve the Related Party Transaction and the considerations set forth above under paragraph 4.3.1 shall apply to the review and approval of the matter by the Board of Directors, with such modifications as may be necessary or appropriate under the circumstances.

Any member of the Board who has a potential conflict of interest in any Related party Transaction will not remain present at the meeting or shall abstain from discussion and voting on the approval of such Related Party Transaction and shall not be counted in determining the presence of quorum when such Transaction is considered.

4.3.3 Shareholders

Shareholders' approval shall be sought in the following cases as per the requirements of the Companies Act, 2013:

- Transactions with the Related parties (as defined under the Companies Act, 2013) covered within the scope of Section 188 of the Act, which are either not in the 'Ordinary Course of Business' and exceeds the threshold under Section 188 of the Companies Act, 2013 and the rules made thereunder, shall require prior approval of the shareholders through special resolution.

No member of the Company shall vote to approve a special resolution where a related party contract or arrangement is being considered if such a member is a related party in the context of the contract or arrangement which is being considered.

- All Material Related Party Transactions and subsequent material modifications as defined by the audit committee and covered within the scope of the Listing Regulations shall require approval of the shareholders through special resolution. For this purpose, all entities falling under the definition of related parties (as defined under SEBI Listing Regulations, 2015 shall not vote to approve the transaction irrespective of whether the entity is a party to the particular transaction or not.

- The omnibus approval granted by the shareholders for material related party transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Companies Act, 2013 or rules, notifications, or circulars issued thereunder from time to time:

In case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meetings, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

The prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of SEBI LODR regulations are applicable to such listed subsidiary.

For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

Information to be reviewed by Shareholders:

- A. The notice being sent to the shareholders seeking approval for any RPT shall, in addition to the requirements under the Companies Act, 2013, include the information as part of the explanatory statement as specified in the Industry Standards on "Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions.
- B. In case any transaction with a related party, whether individually or taken together with previous transaction(s) during a financial year (including transaction(s) which are approved by way of ratification), do not exceed 1% of annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity or Rupees Ten Crore, whichever is lower, the listed entity shall provide 'Minimum information to the Shareholders for approval of Related Party Transactions' as specified in Second para of "Information to be reviewed by Audit Committee" in para 4.3.1.
- C. Provided further that the above requirements, shall not be applicable to transaction(s) with a related party to be entered into individually or taken together with previous transactions during a financial year (including which are approved by way of ratification) which does not exceed Rs. One Crore

5 Ratification of Related Party Transactions

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;
- rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
- any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

6 Transactions to which the RTP regulations does not apply

- (a) transactions entered into between two public sector companies;
- (b) 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.
- (c) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- (d) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.
- (e) transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

7 Disclosure

Company shall make such disclosures to stock exchanges every six months on the date of publication of its standalone and consolidated financial results.

The company shall disclose the Policy on its website and a web link shall be provided in the Annual Report.

8 Amendment

Any subsequent amendment/modification in the listing agreement and/or applicable laws in this regard shall automatically apply in this Policy. The provisions of this policy can be amended by the Board from time to time and all such amendments and modifications shall take effect from the date stated therein.