

## **POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS OF CONTROL PRINT LIMITED**

### **PREAMBLE:**

Control Print Limited (CPL) is committed to managing the affairs of the Company in a fair, transparent and ethical manner keeping in view the needs and interest of all the stakeholders.

### **PHILOSOPHY:**

- Proper approval and reporting of transactions between the Company and Related Party.
- Approval of transactions only if they are in the best interest of the Company and its various stockholders.
- To formulate robust Related Party Transaction Policy and diligent practice of the policy to ensure compliance with the legal requirements.

### **REGULATION:**

- Section 188 of Companies Act read with Rule 15 Companies (Meeting of Board and its Powers) Rules, 2014
- Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **CONTENT OF THE POLICY:**

#### **Definitions:**

- **“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. Domestic Transfer Pricing under Income Tax Act, 1961 may be referred on guidance for Arm’s length basis.
- **“Control”** - same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any subsequent modifications or amendments that shall be made thereto.
- **“Key Managerial Personnel”** means and includes:
  - (i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director;
  - (ii) Company Secretary; and
  - (iii) Chief Financial Officer
- **“Related Party”** means related party as defined Section 2 (76) of the Companies Act, 2013 and includes any modifications or amendments made thereto.
- **“Related Party Transaction”** means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged and includes such contracts or arrangements with related parties as specified in provisions of Section 188 of the Companies Act, 2013.

- **“Relative”** means relative as defined under the Companies Act, 2013 and includes any one who is related to another, if –
  - i. They are members of a Hindu undivided family;
  - ii. They are husband and wife; or
  - iii. Father (including step-father)
  - iv. Mother ( including step-mother)
  - v. Son ( including step-son)
  - vi. Son’s wife
  - vii. Daughter
  - viii. Daughter’s husband
  - ix. Brother ( including step-brother)
  - x. Sister (including step-sister)

## **POLICY:**

### **All Related Party Transactions:**

- shall be subject to prior approval of the Audit Committee.
- shall be granted for individual transaction or an omnibus transaction.
- shall be as per legal requirements under Companies Act, 2013 and/or listing agreement and/or transactions referred to it by the Audit Committee.
- Interested Director or Key Managerial Personnel shall abstain from discussion and/or voting on the subject matter of resolution

### **All Material Related Party Transactions:**

- All Material Related Party Transactions as detailed in the policy shall require approval of the shareholders through special resolution.
- If any member of Company is a related party in the context of the arrangement or transaction, such member of the Company shall not vote on resolution passed for approving such related party transaction.

### **Identification of Potential Related Party Transactions:**

- Each Director and Key Managerial Personnel is responsible for providing notice of any potential Related Party Transaction involving him or her or his or her Relative.
- The Board/Audit Committee will determine whether the transaction constitutes a Related Party Transaction or not.
- Notice of any potential Related Party Transaction should be given well in advance for review of information.

### **Information for Review and Approval of Related Party Transactions:**

- Related Party Transactions will be referred to the next scheduled meeting of Audit Committee for review and approval.
- All relevant material information of the Related Party Transaction will be provided for reviewing the transaction.
- The following factors shall be considered, among others, for approving a transaction:
  - Fair nature and arms length basis of the transaction;
  - Compelling business reasons to enter into the transaction and the nature of alternative transactions, if any;
  - Affect on the independence of an Independent Director;

- Existence of any potential reputational risk issues as a result of or in connection with the proposed transaction;
  - Prior notification about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
  - Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.
- The consideration set forth shall apply to the Board also, in case the Board elects to review and approve any related party transaction.

#### **MATERIAL RELATED PARTY TRANSACTION:**

- A Material Related Party Transaction includes the transaction to be entered into individually or taken together exceeds 10 % of the annual consolidated turnover as per the last audited financial statements of the Company.
- All Material Related Party Transactions shall be reviewed, considered and approved by Audit Committee and recommend the same to Board for the approval.
- The Board shall consider and if thought fit approve the Material Related Party Transaction and further recommend the same to the Shareholders for their prior approval by means of a Special Resolution.
- Where the Related Party Transaction is between the Company and its wholly-owned subsidiary, a special resolution only by the shareholders of the Holding Company shall be sufficient approval for entering into the transaction.
- A copy of every resolution in relation to Related Party Transaction passed by Shareholders and together with the explanatory statement, annexed to the notice calling the meeting in which the resolution is proposed shall be filed with the Registrar as per the requirements of the Act.

#### **DISCLOSURES:**

- Every Related Party Transaction with proper justification shall be disclosed in the Directors' Report.
- Details of all transactions with related parties including material transaction with related parties shall be disclosed quarterly along with the Compliance Report on Corporate Governance.
- The Company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

#### **RELATED PARTY TRANSACTIONS PRIOR TO THE COMMENCEMENT OF THIS POLICY:**

- In the event of a transaction with a Related Party that has not been approved under this Policy prior to its commencement, the matter shall be reviewed by the Committee.

- The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction.
- In any case, where it is determined not to ratify a Related Party Transaction the Committee, as appropriate, may direct additional actions including, but not limited to immediate discontinuation or rescission of the transaction.

**GENERAL PRINCIPLES:**

- The Board shall be responsible to monitor and manage potential conflicts of interest of management, Board members and shareholders including abuse in Related Party Transactions.
- The Independent Directors of the Company shall ensure that adequate deliberations are held before approving related party transactions that are in the interest of the Company.
- The CFO and/or Company Secretary of the Company are authorised to issue necessary guidelines for implementation of this Policy.

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