

# **SHARPLINE BROADCAST LIMITED**

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## **Policy on Related Party Transactions**

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*Pursuant to Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015*

#### **1. Scope and Purpose of the policy**

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Sharpline Broadcast Limited has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Policy on materiality of related party transactions and dealing with related party transactions. In the light of the above, Sharpline Broadcast Limited has framed this Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to adoption by the Board.

#### **2. Objective of the policy**

This policy is framed as per requirements of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, hereinafter referred to as 'the Listing Regulations' and the provisions of Companies Act, 2013 (the "Act") including Rules made there under, as amended from time to time and intends to ensure proper governance and reporting of transactions between the Company and its Related Parties.

#### **3. Definitions**

➤ **Arm’s length transaction** means a transaction between 2 (two) related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

➤ **Audit Committee or Committee** means Audit Committee constituted by the Board of Directors of the Company under the provisions of Listing Regulations and the Companies Act, 2013, from time to time.

➤ **Board of Directors or Board** means the Board of Directors of Sharpline Broadcast Limited, as constituted from time to time.

- **Key Managerial Personnel** in relation to a company, means—
- a. the Chief Executive Officer or the Managing Director or the Manager;
  - b. the Company Secretary;
  - c. the Whole-time Director;
  - d. the Chief Financial Officer; and
  - e. such other officer, not more than one level below the directors who is in whole time employment, designated as key managerial personnel by the Board; and
  - f. such other officer as may be prescribed under the provisions of Listing Regulations and the Companies Act, 2013, from time to time.

➤ **Material Related Party Transaction –**

- a. 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 **Rs.1,000 crore** or **10%** of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company, whichever is lower.
- b. 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 into individually or taken together with previous transactions during a financial year, exceeds **5%** of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- **Material Modification** means any modification to the existing transaction, approved by the Audit Committee or the Board as the case may be, with the Related Party shall be considered as material modification, if such change results into variation in the transaction value exceeding 10% (Ten percent) of transaction approved by the Audit Committee or Board as the case may be, or subsequent modifications from time to time or change in the material terms of transaction.

Audit Committee of the Company may determine material modification to any approved related party transaction on a case-to-case basis.

- **Related Party** means a related party as defined under regulation 2(1)(zb) of Listing Regulations, sub-section 2(76) of the Act or under the applicable Accounting Standards, as may be amended/ modified from time to time.

- **Related Party Transaction** shall mean all transactions as defined under Section 188 of the Act and Regulation 2(1)(zc) of the Listing Regulations as may be amended from time to time and such Related Party Transaction regardless of whether a price is charged and involving transfer of resources, services or obligations between:

- a. the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
- b. the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries;

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

- i. payment of dividend;
- ii. subdivision or consolidation of securities;
- iii. issuance of securities by way of a rights issue or a bonus issue; and
- iv. buy-back of securities.

➤ **Relative** means anyone who is related to another, if-

- i. they are members of a Hindu Undivided Family
- ii. they are husband and wife
- 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)

➤ **Ordinary course of business** means transactions that are connected to or necessary for business of the Company and satisfy the following principles:

- a) The transaction is permitted under the Memorandum of Association of the Company;
- b) The transaction is carried on a frequent or regular basis or is as per the industry practice;
- c) The transactions, if not frequent, are important and in furtherance to the business objectives of the Company;
- d) This is not exhaustive criteria and the Company should assess each transaction considering its specific type, nature, value and circumstances.

➤ **Act** means the Companies act, 2013

## **4. Policy**

### **4.1 Manner of dealing with Related Party Transaction**

#### **Identification of Related Parties**

Sharpline Broadcast Limited has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **Identification of Related Party Transactions**

Sharpline Broadcast Limited has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Sharpline Broadcast Limited has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company will seek external domain expert professional opinion, if necessary

### **4.2 Approval Of The Related Party Transaction By Audit Committee**

All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee. Only those members of the audit committee, who are independent directors, shall approve related party transactions.

The Audit Committee may grant omnibus approval for certain Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- a) such approval shall be applicable in respect of transactions which are repetitive in nature;
- b) the transactions are on arm's length basis,

- c) it shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- d) Such omnibus approval shall specify:
  - (i) the name/s of the related party, nature of the transaction, period of transaction, maximum amount of transaction that can be entered into,
  - (ii) the indicative base price/current contracted price and the formula for variation in the price if any and
  - (iii) such other conditions as the Audit Committee may deem fit;

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.

- e) 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.
- 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,

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case choose to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Related Party transaction should be approved by the Board.

#### **4.3 Approval of Related Party Transaction by Board of Directors**

All cases where the Related Party Transactions are not in the ordinary course of business and/or are not on arm's length basis but within the prescribed limits as per the Companies (Meetings of Board & its Powers) Rules, 2014, shall be brought before the Board of Directors for approval through Audit Committee.

Such approval of Board may be obtained at a duly convened meeting.

#### **4.4 Approval of Related Party Transaction by Shareholders**

All Related Party Transactions and subsequent material modifications that are beyond the prescribed limits as per Companies (Meetings of Board & its Powers) Rules, 2014 and Material Related Party Transactions, shall require prior approval of Share Broadcast Limited shareholders through resolution (after due approval by the Board). No related party shall vote to approve such resolution.

Provided that approval of the shareholders for the above transaction shall not be required if:

- (i) transactions entered into between two government companies;
- (ii) 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.
- (iii) 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.

Explanation (i): For the purpose of this clause "Government Company" shall have the same meaning as defined in Section 2(45) of the Companies Act, 2013."

Explanation (ii): For the purpose of this clause, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not."

### **5. Disclosures**

All disclosures pertaining to Related Party Transactions required under the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 shall be made

accordingly.

**6. Limitation**

In the event of any conflict between the provisions of this Policy and of the SEBI (LODR) Regulations, 2015 / Companies Act, 2013 or any other statutory enactments, rules, then, the provisions of the SEBI (LODR) Regulations, 2015/ Companies Act, 2013 or other statutory enactments, rules, as the case may be shall prevail over this Policy and shall be adhered to accordingly by all concerned.

**7. Dissemination of Policy**

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the intra-net and website of the Company and web link thereto shall be provided in the annual report of the Company.