



GUJARAT POLY ELECTRONICS LIMITED

RELATED PARTY TRANSACTION POLICY

1. Preamble

The Board of Directors (the “Board”) of **GUJARAT POLY ELECTRONICS LIMITED** (the “Company”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time.

This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

2. Purpose

This policy is framed as per requirement of Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

3. Definitions

“**Audit Committee**” means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.

“**Board**” means Board of Directors of the Company shall have the same meaning as defined in SEBI (Substantial Acquisitions of Shares and Takeover) Regulations, 2011.

“**Key Managerial Personnel**” means and includes key managerial personnel as defined under the Companies Act, 2013

- (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

“**Material Related Party Transaction**” means a transaction with a related party if the transaction /transactions to be entered in to individually or taken together with previous



GUJARAT POLY ELECTRONICS LIMITED

transactions during a financial year exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“**Policy**” means Related Party Transaction Policy.

“**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 applies:
 - 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
 - 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); or

Explanation: For the purpose of this clause, the term “control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers)



GUJARAT POLY ELECTRONICS LIMITED

Regulations, 2011.

“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.

“Relative” means relative as defined under Section 2(77) of the Companies Act, 2013 and includes 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)

4. (I) 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.

Senior management shall make disclosures to the board relating to all material financial and commercial transactions, where they have personal interest, that may have a potential conflict with the interest of the company at large (for e.g. dealing in company shares, commercial dealings with bodies, which have shareholding of management and their relatives etc.)

Explanation: For this purpose, the term "senior management" shall mean personnel of the company who are members of its core management team excluding the Board of Directors). This would also include all members of management one level below the executive directors including all functional heads.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.



GUJARAT POLY ELECTRONICS LIMITED

The policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.

(II) Identification of Materiality of Related Party Transaction.

At the beginning of the financial year where the Audit Committee meets to consider and review the Audited Annual Results for the previous financial year it shall also determine materiality of related party transaction.

(III) Implementation of Related Party Transactions

All Related Party Transactions, entered after implementation of this policy, must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

All Related Party Transactions shall require prior approval of Audit Committee.

All Related Party Transactions, which are not at arm's length or not in ordinary course of business will require approval of Board of Directors and the shareholders through special resolution and the Related Parties shall abstain from voting on such resolutions where the transaction or transactions to be entered into,—

- (a) as contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188, with criteria as mentioned below -
 - (i) sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding ten per cent of the turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
 - (ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, exceeding ten per cent of net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
 - (iii) leasing of property of any kind exceeding ten per cent. of the net worth of the company or ten per cent of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188;
 - (iv) availing or rendering of any services, directly or through appointment of agent, exceeding ten per cent of the turnover of the company or rupees fifty crore, whichever is lower, as mentioned in clause (d) and clause(e) respectively of sub-section (1) of section 188:

Explanation - It is hereby clarified that the limits specified in sub-clauses (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.



GUJARAT POLY ELECTRONICS LIMITED

- (b) is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f) of subsection (1) of section 188; or
- (c) is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one per cent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

Explanation-The Turnover or Net Worth referred in the above sub-rules shall be computed on the basis of the Audited Financial Statement of the preceding financial year.

Further, all Material Related Party Transactions shall require approval of Board of Directors and the shareholders through special resolution and the Related Parties shall abstain from voting on such resolutions.

It is clarified by Ministry of Corporate Affairs vide its circular No. 30/2014 dated 17th July, 2014 that 'related party' has to be construed with reference only to the contract or arrangement for which the said special resolution is being passed.

The above shall not be apply where 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 at the general meeting for approval.

5. Omnibus Approval:

The Audit Committee may grant omnibus approval for Related Party Transactions referred to in 5 above proposed to be entered into by the company subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- c. Such omnibus approval shall specify (i) the name/s of the related party, nature of 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;



GUJARAT POLY ELECTRONICS LIMITED

- 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 Rs.1 crore per transaction.
- e. Audit Committee shall review, atleast 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"

6. Review and Approval of Related Party Transactions

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement and will also abstain from voting on such resolutions.

7. Approvals of Past Contracts with Related Parties

Pursuant to clarification provided in circular No.30/2014 dated 17th July, 2014 of Ministry of Corporate Affairs, Contracts entered into by companies, after making necessary compliances under Section 297 of the Companies Act, 1956, which already came into effect before the commencement of Section 188 of the Companies Act, 2013, will not require fresh approval under the said section 188 till the expiry of the original term of such contracts. Thus, if any modification in such contract is made on or after 1April, 2014, the requirements under section 188 will have to be complied with.

8. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation or as may be required pursuant to applicable provisions, the matter shall be reviewed by the Committee and it shall take any such action it deems appropriate. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

This Policy will be communicated to all operational employees and other concerned persons of the Company.
