

GOTHI PLASCON (INDIA) LIMITED
POLICY ON MATERIALITY OF AND DEALING WITH RELATED
PARTY TRANSACTIONS

The Board of Directors (the “Board”) of GOTHI PLASCON(INDIA) LIMITED (the “Company”) has on the recommendation of the Audit Committee adopted this Related Party Transactions Policy (this “Policy”), which defines and lays down the procedures with regard to Related Party Transactions, pursuant to Companies Act, 2013, the rules made thereunder, relevant Accounting Standards and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR/Listing Agreement), wherever applicable.

(A) SCOPE AND OBJECTIVE

This Policy is intended to ensure the proper approval and reporting of transactions between the Company and any of its Related Parties. This Policy shall apply to all transactions entered into by the Company with its Related Parties as per the applicable laws and regulations, including the Companies Act, 2013 (the “Companies Act”) read with the rules framed thereunder and the Listing Regulations. The Company has, under this Policy, formulated guidelines for identification of Related Parties based on materiality thresholds and setting forth the proper conduct and documentation for Related Party Transactions. Going forward, the Audit Committee of the Company may review and amend this policy from time to time, subject to adoption by the Board.

(B) DEFINITIONS

“Arm’s Length Transaction” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“Audit Committee or Committee” means Committee of Board of Directors of the Company constituted in accordance with provisions of the Listing Regulations and the Companies Act.

“Board” means Board of Directors of the Company.

“Key Managerial Personnel” means key managerial personnel as defined under the Companies Act.

“Material Related Party Transaction” means a material transaction with a Related Party as defined under Section 23(1) of the Listing Regulations.

“Ordinary course of business” means would include usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities which the Company can undertake as per Memorandum & Articles of Association..

“Policy” means this Related Party Transaction Policy.

“Related Party” means related party as defined under Section 2(76) of the Companies Act and Regulation 2(1)(zb) of the Listing Regulations, read with amendments issued from time to time.

“Related Party Transaction” means a related party transaction as defined under Regulation 2(1)(zc) of the Listing Regulations read with amendments issued from time to time.

“Relative” with reference to a director or a Key Managerial Personnel means persons defined under Section 2(77) of the Companies Act read with amendments issued from time to time.

“Subsidiary Company or Subsidiary” means a subsidiary as defined under sub-section(87) of section 2 of the Companies Act, 2013.

“Material Modifications” means any modification, amendment or waiver or supplement or consent with respect to a related party transaction or contract which were approved by the Audit Committee / Board / Shareholders, as the case may be, which is likely to result in variation of more than 20% in the pre-approved related party transaction value or price of such transaction or contract during the year.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, the Listing Regulations or any other applicable law or regulation.

(C) POLICY

1. MATERIALITY THRESHOLDS

Regulation 23 of the Listing Regulations requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required and the Related Parties shall not vote to approve on such resolutions whether the entity is a related party to the particular transaction or not.

A transaction with related party shall be considered material if the transaction to be entered into individually or taken together with previous transactions during a financial year exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of entity as per the last audited financial statements of the listed entity, whichever is lower

However, 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 into 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.

2. PERIODIC IDENTIFICATION OF RELATED PARTIES

2.1 Related parties shall be identified under Companies Act and the Listing Agreement, as amended from time to time and regularly verified.

2.2 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.

2.3 The list of identified Related Parties will be tagged and updated in the accounting system regularly and also periodically sent out to those of the staff of the Company that might be in the position to conduct or know of the possible conduct of Related Party Transactions.

3. APPROVALS FOR TRANSACTIONS WITH RELATED PARTIES

3.1 Before undertaking any transaction, it must be examined by the Company whether such transaction qualifies as a Related Party Transaction, requiring compliance with this policy. The Chief Financial Officer in consultation with the Company Secretary and other persons, as appropriate, shall determine whether a transaction does, in fact, constitute a Related Party Transaction and if so, ascertain in which of the categories such transaction should be classified in order to determine the approval requirements:

3.2 APPROVAL OF AUDIT COMMITTEE

(i) All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the company:

Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

(ii) The Audit Committee shall, after obtaining approval of the Board, specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following namely:

(a) Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;

(b) The maximum value per transaction which can be allowed;

(c) Extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval

(d) Review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each omnibus approval made;

(e) Transactions which cannot be subject to the omnibus approval by the Audit Committee

(iii) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:(a) repetitiveness of the transactions (in past or in future); (b) justification for the need of omnibus approval

Provided that where the need for Related Party Transactions cannot be foreseen and details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees 1 crore per transaction.

(iv) The omnibus approval shall provide details of (a) the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into, (b) basis of arriving at the indicative base price / current contracted price and the formula for variation in the price if any and (c) such other conditions as the Audit Committee may deem fit.

(v) The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the company pursuant to the omnibus approval given.

3.3 APPROVAL OF THE BOARD

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 Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party

3.4 APPROVAL OF THE SHAREHOLDERS

All Material Related Party Transactions and subsequent material modifications as defined by the audit committee will be carried out only after approval from Shareholders through resolutions. Provided that the aforesaid approvals will not be required for transaction entered into by the Company with its wholly owned subsidiary whose accounts are consolidated with the accounts of the company and placed before the shareholders at the general meeting for approval.

4. DISCLOSURE AND REPORTING

4.1 The Company shall submit the disclosures of related party transactions on a consolidated basis, in the format and timeline as defined under Section 23(9) of the Listing Regulations to the stock exchanges and publish the same on its website.

4.2 The Company shall disclose to the Stock Exchange along with the compliance report on corporate governance on a quarterly basis details of all transactions with Related Parties exceeding the materiality threshold.

4.3 Details of Related Party Transactions shall be disclosed in the Board's Report as required under the relevant provisions of the Companies Act 2013 and also in the financial statements as required under the Accounting Standards.

5. REVIEW OF THE POLICY

In accordance with the Listing Regulations, this Policy will be reviewed by the Board of Directors at least once every three years and updated accordingly upon recommendation of the Audit Committee.

Any subsequent amendment/ modification in the Act, Listing Regulations and/or applicable laws in this regard shall automatically apply to this Policy.
