



POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

PREFACE

This policy aims to determine the materiality of Related Party Transactions and to deal with RPTs of Gulshan Polyols Limited. This policy is prepared in accordance with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and Section 177 and 188 of the Companies Act, 2013 read with the Rules made thereunder. In case any provisions of the Policy are contrary to or inconsistent with the provisions of Relevant/applicable Laws, the provisions of Relevant/applicable Laws shall prevail.

OBJECTIVE

- To ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.
- To ensure high standards of Corporate Governance while dealing with related parties.

DEFINITIONS

In this Policy, unless the context otherwise requires:

- **“Act”** means the Companies Act, 2013 including any statutory modification or reenactment thereof.
- **“Audit Committee”** or **“Committee”** means the committee of Board of Directors constituted in pursuance of Section 177 of the Act and Regulation 18 of Listing Regulations.
- **“Arm's length Basis”** Terms will be treated as on ‘Arm’s Length Basis’ if the commercial and key terms are comparable and are not materially different with similar transactions with non-related parties considering all the aspects of the transactions.
- **“Board”** means the Board of Directors of the Gulshan Polyols Limited.
- **“Company”** means Gulshan Polyols Limited.
- **“Internal Auditor”** means internal auditor of the Company appointed in pursuance of Section 138 of the Act and Rules.
- **Independent Director”** means an Independent Director referred in section 149(6) of the Companies Act, 2013 read with Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015.

- **“Key Managerial Personnel”** or **“KMP”** means person(s) appointed as such in pursuance of Section 203 of the Act read with Section 2(51) of the Act.
- **“Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time.
- **“Material Related Party Transactions”** or **“Material”** in relation to the Company means a Related Party Transaction which individually or taken together with previous transactions during a financial year, which exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company.

Notwithstanding the above, 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, exceeds five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- **“Ordinary Course of Business”** with reference to a transaction with a Related Party means a transaction which is:
 - i. carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time;
 - ii. meets any other parameters/criteria as decided by the Board/Audit Committee, from time to time.
- **“Policy”** means Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions’, as amended from time to time
- **“Promoter”** and **“Promoter Group”** shall have the respective meanings as assigned to them in the Listing Regulations.
- **“Related Party”** in relation to the Company means a party related with the Company in any of the ways as laid down in Section 2(76) of the Act and as per Regulation 2(1)(zb) of the Listing Regulations or under applicable accounting standards, as amended from time to time.
- **“Related Party Transaction”** shall mean a transaction between the Company and a Related Party under the provisions of the Regulation 2(1)(zc) of the Listing Regulations and/or the Act read with the Rules, as amended from time to time.
- **“Relative”** means any person as per Section 2(77) of the Companies Act and rules prescribed thereunder and as per Regulation 2(1)(zd) of the Listing Regulations, as amended from time to time.
- **“Relevant Laws”** means the Act, the Rules and Listing Regulations.
- **“Rules”** means the Rules framed under the Act, as amended from time to time.

Unless the context otherwise provides, terms not defined herein and used in this Policy, shall bear the same meaning as prescribed under the Act, the Listing Regulations or any other relevant law.

APPROVAL OF RELATED PARTY TRANSACTIONS

- a) All RPTs including any modification of existing RPTs thereof shall require prior approval of the Committee.
- b) The Committee shall grant omnibus approval for RPTs proposed to be entered into by the Company, subject to the following conditions:
 - (i) The proposed RPTs are repetitive in nature and the Committee is satisfied that such omnibus approval is in the interest of the Company;
 - (ii) Omnibus approval shall be granted for RPTs on the basis of the following criteria:
 - ❖ Maximum value of RPTs in a financial year, in aggregate, shall not exceed 10% of annual consolidated turnover of the Company as per the last audited financial statements of the Company.
 - ❖ Maximum value per transaction in a financial year shall not exceed 5% of annual consolidated turnover of the Company as per the last audited financial statements of the Company.
 - ❖ The Committee may grant omnibus approval upto Rupees One Crore per transaction for the RPTs which cannot be foreseen or the details prescribed in the criteria for seeking omnibus approval are not available.
 - (iii) 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 into,
 - ❖ The indicative base price / current contracted price and the formula for variation in the price, if any; and
 - ❖ Such other conditions as the Committee may deem fit;
 - (iv) The Committee shall ensure and ascribe;
 - ❖ Disclosures to be made to the Committee at the time of seeking omnibus approval; and
 - ❖ Transactions which shall not be allowed under the omnibus approval route.
 - (v) Omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- c) Every RPT which is 'Material' shall require approval of the shareholders. No Related Parties shall vote to approve the relevant transaction, irrespective of whether they are party to the particular transaction or not.
- d) All RPTs prescribed under Section 188 of the Act which are either not in the ordinary course of business or are not at arm's length basis, shall require prior approval of Board

and Shareholders, if amount of such transactions exceeds the limits prescribed in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014. No Related Party shall vote to approve such transaction.

- e) All RPTs including RPTs approved through omnibus approval, shall be reviewed post facto by the Committee, quarterly. The Committee shall be informed whether the RPTs have been entered into in the ordinary course of business and on arm's length basis.
- f) In the event the Audit Committee decides to put up a Related Party Transaction before the Board, or if the Board suo-moto elects to review any Related Party Transaction or if a Related Party Transaction is required to be approved by the Board in pursuance of the Act, Rules or Listing Regulations, the process set forth in this policy or in, Act, Listing Regulations and prevailing laws shall apply mutatis-mutandis for approval of such Related Party Transaction by the Board, subject to such exceptions as may be necessary or appropriate under the circumstances.

DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

- Particulars of RPTs shall be disclosed in such manner as may be prescribed under the Listing Regulations and/or the Act (including rules made thereunder), from time to time.
- This Policy shall be disclosed on the Company's website www.gulshanindia.com and a web link thereto shall be provided in the Annual Report of the Company.
- The details of material transactions with related parties will be included in the corporate governance reports which are required to be submitted to the stock exchanges on a quarterly basis.
- The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of Related Party Transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

AMENDMENT

Any change in the Policy shall be approved by the Board of the Company. The Board shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. The Policy shall be reviewed by the Board at least once in every three years and updated accordingly. Any subsequent amendment/modification in the Act or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy. However, amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.
