



## RELATED PARTY TRANSACTIONS POLICY

(As modified by the Board in its meeting held on 14/02/2020)

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### 1. INTRODUCTION:

A related-party transaction (RPT) refers to a transaction between two parties who are joined by a special relationship prior to the transaction; the transaction could be a business deal, a single or a series of financial contracts, or an arrangement. RPTs include granting loans, writing off loans and dues, selling assets to a related entity for a price significantly below the market price, and so on.

A related-party transaction can play a beneficial role by saving transaction costs and improving the operating efficiency of a company. In fact, there may be several such transactions that are unavoidable because they make commercial sense for the company; if companies are prohibited from entering into such transactions, it might work against the principle of maximizing the shareholder value. However, not all RPTs are beneficial to investors.

The Board of Directors (the "Board") of PG Electroplast Limited (the "Company" or "PGEL"), recognizes that RPT ("RPT") can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its stockholders' best interests. Therefore, this policy regarding the review and approval of RPT has been adopted by the Company's Board in order to set forth the procedures under which certain transactions must be reviewed and approved or ratified.

### 2. OBJECTIVE:

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties including clear threshold limits duly approved by the Board of Directors of the Company.

### 3. DEFINITIONS:

Any words used in this Policy shall have the same meaning as prescribed to it in SEBI (Listing Obligations and Disclosure requirements) Regulation, 2015 or the Companies Act, 2013 or Rules made thereunder or SEBI Act, Rules and Regulations made thereunder.

### 4. MATERIALITY THRESHOLDS:

A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceed ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

All material related party transactions shall require approval of shareholders through resolution and the related parties shall abstain from voting on such resolution whether the entity is a related party to the particular transaction or not.

## 5. PROCEDURE FOR DEALING IN RELATED PARTY TRANSACTIONS:

- a) Each Director and Key Managerial Personal **shall promptly notify** the Chief Financial Officer about **any material interest** that such person or an Immediate Family Member of such person had, has or may have in a Related Party Transaction. The notice shall include a description of the transaction and the aggregate rupees amount.
- b) If the notified Related Party Transaction is not covered under transactions already approved by the Audit Committee/Board/Shareholders as the case may be, then the Chief Financial Officer shall promptly notify the Audit Committee & Board of Directors & write company secretary to take immediate steps for taking requisite approval.
- c) If the Related Party Transaction is already approved by the Audit Committee/Board/Shareholders as the case may be, then the Chief Financial Officer shall notify the Transaction to Company Secretary. The Company Secretary will report to the Audit Committee & the Board in its next Board Meeting.
- d) The Audit Committee & the Board shall be provided with the material facts of all new, existing or proposed RPT. The agenda of the Board meeting at which the proposed resolution is proposed:
  - the name of the related party and nature of relationship;
  - the nature, duration of the contract and particulars of the contract or arrangement;
  - the material terms of the contract or arrangement including the value, if any;
  - any advance paid or received for the contract or arrangement, if any;
  - the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
  - whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
  - any other information relevant or important for the Board to take a decision on the proposed transaction.
- e) In assessing an RPT, the Audit Committee/Board shall consider such factors as it deems appropriate, including but without limitation
  - ✚ the business reasons to enter into the RPT;
  - ✚ the commercial reasonableness of the terms of the RPT;
  - ✚ the materiality of the RPT;
  - ✚ whether the terms of the RPT are fair to PGEL and on the same basis as would apply if the transaction did not involve a Related Party;
  - ✚ the extent of the Related Party's interest in the RPT;
  - ✚ if applicable, the impact of the RPT on a non-employee director's independence; and

- ✚ the actual or apparent conflict of interest of the Related Party participating in the RPT; The approximate money value of the transaction and the approximate money value of the Related Person's interest in the transaction
  - ✚ If the transaction involves the sale of an asset, a description of the asset, including date acquired and costs basis;
  - ✚ Information concerning potential counterparties in the transaction;
  - ✚ Any other relevant information regarding the transaction.
- f) The Audit Committee or the Board shall after considering the materials placed before them judge if the transaction is in the ordinary course of business and meets the arm's length requirements.
- g) The clear threshold limits of related party transactions duly approved by the Board of Directors are specified in **Annexure-1**.

## 6. APPROVALS:

- a) All related party transactions shall require prior approval of the Audit Committee.
- b) The Audit Committee may grant **omnibus approval** for recurring transactions with related parties subject to following conditions:
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company
  - The omnibus approval should specify- the name/s of the related party, the nature of transaction, period of transaction, maximum amount of the transaction that can be entered into, the indicative base price / current contracted price and the formula for variation in the price if any and any other conditions as the Audit Committee may deem fit Further,
  - In case where the need for a RPTs cannot be foreseen and the above details are not available, the Audit Committee may grant such omnibus approval provided the value does not exceeds one crore per transaction.
  - Any approval given by the Committee shall not contravene related party policy of the Company.
  - The Audit Committee shall review on a quarterly basis the aforesaid RPTs entered into by the company pursuant to each of the omnibus approval given.
  - Such omnibus approval would be valid only for a period of one year and would require fresh approval after expiry of the said period."
- c) The following transactions shall require prior members approval by way of a resolution, where such transactions are not in the ordinary course of business and/ or carried out at other than arm's length price:
- where the aggregate value of goods and material sold, purchased or supplied, directly or indirectly through related party agents, exceeds 10% of the company's turnover or ₹ 100 crores, whichever is less;
  - where the aggregate value of any kind of property (tangible/ intangible) sold or purchased or disposed of, directly or indirectly through related party

agents, exceeds 10% of the company's net-worth or ₹ 100 crores, whichever is less;

- where the aggregate value of leasing any kind of property (tangible/intangible) exceeds 10% of the company's net-worth or exceeds 10% of the company's turnover or ₹ 100 crores, whichever is less;
- where the aggregate value of services rendered or availed, directly or indirectly through related party agents, exceeds 10% of the company's turnover or ₹ 50 crores, whichever is less;
- where the appointment of a related party to a place of profit or to any office in the company is at a monthly remuneration exceeding ₹ 250,000;
- where the appointment of a related party to a place of profit or to any office of a subsidiary company is at a monthly remuneration exceeding ₹ 250,000;
- where the appointment of a related party to a place of profit or to any office of an associate company is at a monthly remuneration exceeding ₹ 250,000;
- where the aggregate of remuneration for underwriting the subscription of any securities or derivatives thereof of the company exceeds 1% of the net-worth.

**Provided that** if the value of above listed transactions are less than the threshold limited provided in the list/Companies Act 2013, Approval of Board will be sufficient.

- d) All material related party transactions shall require approval of shareholders through resolution.
- e) Related party transactions, other than specified above shall be approved in manner specified in the Companies Act 2013 or applicable SEBI Regulations.
- f) No director who is a Related Party shall participate in the evaluation or approval of any RPT for which he or she is a Related Party, except that the director shall provide all material information concerning the RPT to the Board.

#### **7. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:**

In the event the Company becomes aware of a Related Party Transaction with a Related Person that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. Such 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. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

#### **8. DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS:**

Every Related Party Transaction entered into by the Company shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction. The Company Secretary and the Chief Financial Officer shall be, responsible for such disclosure. The Company Secretary shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.

**9. REVIEW OF POLICY:**

The Related Party Transaction Policy shall be reviewed by the Board of Directors at least once every three years and shall be updated accordingly.

**10. 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.

**11. SCOPE & LIMITATION**

In the event of any conflict between the provisions of this Policy and of the SEBI (Listing Obligation & disclosure requirements) Regulations 2015 / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such SEBI (Listing Obligation & disclosure requirements) Regulations 2015/ Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

**Annexure-1**

**CLEAR THRESHOLD LIMITS OF RELATED PARTY TRANSACTIONS DULY APPROVED  
BY THE BOARD OF DIRECTORS OF THE COMPANY**

<b>Name/Category of Related Party</b>	<b>Name of Directors/ KMP who is related</b>	<b>Nature of relationship</b>	<b>Particulars of the Contract and relevant information</b>	<b>Maximum Yearly Monetary Value &amp; Maximum value per transaction</b>
Mr. Vishal Gupta	1. Mr. Anurag Gupta	Director	Payment of Rent of part of Property of Unit II situated at Roorkee.	Rs. 15 Thousand
M/s PG Electronics	2. Mr. Vishal Gupta	Directors are Partners of this firm.	Payment of Rent of part of Property of Unit II situated at Roorkee.	Rs. 60 Thousand
Mrs. Sudesh Gupta	3. Mr. Vikas Gupta	Directors are Relative.	Payment of Rent of an office situated at DTJ209, DLF Tower B, Jasola, New Delhi-110025	Upto Rs.25 Lakh
M/s PG International		Directors are Partners of this firm.	Sale, purchase or supply of goods, material or services, payment of outstanding payables.	Upto Rs. 50 Lakh
M/s JB Electronics		Directors are Partners of this firm.	Sale, purchase or supply of goods, material or services, payment of outstanding payables.	Upto Rs. 50 Lakh
M/s PG Electronics		Directors are Partners of this firm	Sale, purchase or supply of goods, material or services, payment of outstanding payables.	Upto Rs 50 Lakh
M/s Clearvision Industries		Directors are Partners of this firm	Sale, purchase or supply of goods, material or services.	Upto Rs 50 Lakh
Mrs. Sudesh Gupta		They are relatives of Directors	Remuneration for working as employees of the Company.	Upto Rs. 48 Lakh to each of 4 relatives
Mrs. Neelu Gupta	Mr. Anurag Gupta			
Mrs. Sarika Gupta	Mr. Vishal Gupta			
Mrs. Nitasha Gupta	Mr. Vikas Gupta			
Relatives holding office or place of profit in the Company	1. Mr. Bhawa Nand Choudhary 2. Mr. Anurag Gupta 3. Mr. Vishal Gupta 4. Mr. Vikas Gupta	Relatives of Directors	Remuneration for working as employees of the Company.	Upto Rs. 30 Lakhs to each relative

Executive Directors of the company	1. Mr. Bhawa Nand Choudhary 2. Mr. Anurag Gupta 3. Mr. Vishal Gupta 4. Mr. Vikas Gupta	Directors of the Company	Unsecured Loan (without any chargeable interest) to be Taken/Repaid to Directors to meet business funds requirements.	Aggregate of such loans with existing loans should not to exceed Rs. 35 Crore.
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