

GODHA CABCON & INSULATION LIMITED

RELATED PARTY TRANSACTION POLICY

I. PREAMBLE

This policy is framed as per the requirement of Regulation 23 of Securities and Exchange Board of India, (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR**") and is intended to ensure the proper approval and reporting of transaction between the Company and its Related Parties as determined under SEBI LODR, 2015, Section 188 of the Companies Act, 2013 and rules prescribed thereunder ("**Act**"), and any other laws and regulations as may be applicable to the Company

The Board of Directors ("**Board**") of **Godha Cabcon & Insulation Limited** (the "**Company**") has adopted the following policy and procedures with regard to the Related Party Transactions on November 30, 2017. The Audit Committee shall review and may propose amendments to this policy as may be required.

The Policy will be applicable to the Company. This Policy is to regulate transactions between the Company and its related parties based on the laws and regulations applicable on the company. This Policy shall come into effect from the date of listing of Equity Shares of the Company on the stock exchange(s).

II. OBJECTIVE

The Company is required to disclose in its Annual Financial Statements and Directors' Report, certain transactions between the Company and Related Parties as well as policy relating thereto. The Related Party Transaction Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.

III. 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 question of conflict of interest.

"**Associate**" means a Company as defined under section 2(6) of the Companies Act, 2013 and as defined by Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" and by Accounting Standard (AS) 18, "Related party disclosures".

"**Audit Committee or Committee**" means the Committee of the Board formed under section 177 of the Act, and Regulations 18 of SEBI LODR, 2015.

"Board" means Board of Directors of the Company as defined under the Companies Act, 2013

"Control" means control as defined in Section 2 (27) of the Act and shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

"Key Managerial Personnel" shall mean the officers of the Company as defined in Section 2(51) of the Companies Act 2013.

"Policy" means Related Party Transaction Policy.

"Material Related Party Transaction" - any transaction / transactions to be entered into individually or taken together with previous transactions during a financial year above the threshold specified in the section under Material Related-Party Transactions

"Related Party"

Related Party have the meaning as defined in Section 2(76) of Companies Act, 2013 and Regulation 2(1) (zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes the following:

- (i) A Director or his relative;
- (ii) A Key Managerial Personnel or his relative;
- (iii) A firm, in which a director, manager or his relative is a partner;
- (iv) A private company in which a director or manager is a member or director;
- (v) A public company in which a director or manager is a director and holds along with his relatives, more than two per cent. of its paid-up share capital;
- (vi) Anybody corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager; [Except advice, directions or instructions given in a professional capacity]
- (vii) Any person on whose advice, directions or instructions a director or manager is accustomed to act.[Except advice, directions or instructions given in a professional capacity]
- (viii). Any company which is a holding, subsidiary or an associate company of such company; or a subsidiary of a holding company to which it is also a subsidiary.
- (ix) Such other person as may be prescribed;

“Relative”: means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner –

- (i) They are members of a Hindu Undivided Family;
- (ii) Husband or 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); or
- (x) Sister (including step-sister).

“Related Party Transactions”

Related party transaction” means a transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Explanation: A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.

As per Section 188 of the Act, contracts or arrangements with related party with respect to:-

- I. Sale, purchase or supply of any goods or materials;
- II. Selling or otherwise disposing of, or buying, property of any kind;
- III. Leasing of property of any kind;
- IV. Availing or rendering of any services;
- V. Appointment of any agent for purchase or sale of goods, materials, services or property;
- VI. Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- VII. Underwriting the subscription of any securities or derivatives thereof, of the Company.

“Collectively the Related Party Transaction shall constitute the above.”

“**Subsidiary**” means a Company as defined under section 2(87) of the Companies Act, 2013 and as defined by Accounting Standard (AS) 23, “Accounting for Investments in Associates in Consolidated Financial Statements” and by Accounting Standard (AS) 18, “Related party disclosures”.

Transactions in “ordinary course of business” shall mean and include-

- Transactions that are entered in the normal and usual course of business and are identical to the business of the company.
- Transactions that is reasonable in the context of the business of the company.
- Transactions that are part of the standard industry practice.

IV. IDENTIFICATION OF RELATED PARTY

Each director and Key Managerial Personal is responsible for providing notice to the Board or Audit Committee regarding persons and entities to be considered as “related Party” by virtue of his/her being Director/KMP in the entity or holding certain shareholding percentage. Such notice shall be provided to the company at the time of appointment and also at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made.

V. RULES FOR DETERMINING MATERIALITY OF RELATED PARTY TRANSACTIONS

Pursuant to Section 188 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, except with the prior approval of the Company by a Resolution, the Company shall not enter into a transaction or transactions, if the Related Party Transactions are not in Ordinary Course of Business or not at an Arm’s Length and exceeds the prescribed criteria as given below.

Category of Transactions	Material Related-Party Transactions - Companies Act, 2013	Material Related-Party Transactions - SEBI
Sale, purchase or supply of any goods or materials	10% of turnover or Rs. 100 crore, whichever is lower	10% of annual consolidated turnover of the company as per last audited financial
Selling or otherwise disposing of, or buying, property of any kind;	10% of net worth or Rs. 100 crore, whichever is lower	
Leasing of property of any kind;	10% of turnover or Rs. 100 crore, whichever is lower	

Availing or rendering of any services;	10% of turnover or Rs. 50 crore, whichever is lower	statement
Such Related Party's appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding Rs 2.5 lakh	
Underwriting the subscription of any securities or derivatives thereof, of the company	1% of net worth	

VI. TERMS OF THE POLICY

- 6.1 All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.
- 6.2 All the Related Party Transactions proposed to be entered shall require prior approval of the Audit Committee including the transactions to be entered in the ordinary course of business. The Audit Committee shall accordingly recommend the Related Party Transaction for the approval of Board of Directors/ Shareholders as per the terms of this policy.
- 6.3 All the Related Party Transactions prescribed under Section 188 of Companies Act, 2013 and within the threshold limits prescribed under rule 15 sub rule(3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014, shall along with the prior approval of Audit Committee shall also require approval of the Board of Directors.
- 6.4 All the Material Related Party Transactions and Related Party Transactions, exceeding the threshold limits prescribed under rule 15 sub rule(3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014 shall require prior approval of the Audit Committee, Board of Directors and Shareholders of the Company by way of Resolution prescribed under section 188 of the Act and SEBI LODR, 2015.

VII. PROCEDURE FOR APPROVAL FOR RELATED PARTY TRANSACTIONS

All Related Party Transactions must be reported to the Audit Committee for its prior approval in accordance with this policy. The Committee shall review the transaction and report the same for approval of the Board and shareholders, if required, in accordance with this policy.

Identification of Related Party Transactions

- I. Directors and KMP of the Company shall disclose to the Company Secretary in form MBP-1, at the time of appointment, beginning of every financial year and whenever there is change in the disclosure so made.
- II. The Chief Financial Officer at the beginning of every financial year shall provide the information to the Company Secretary about the related parties within Worth Peripherals Limited and subsequent changes therein forthwith and proposed transaction with the related parties certifying that such transactions are at Arm's Length and in ordinary course of business.
- III. The proposed transactions shall be placed before the Audit Committee for its prior approval.

Omnibus Approval of Audit Committee

Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity subject to the following conditions, namely-

- I. the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;
- II. the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity

the omnibus approval shall specify:

- a. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
- b. 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:

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 rupees one crore per transaction.

1. the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.

2. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year:

Approval of Board of Directors

1. The Related Party Transactions which are not in the ordinary course of business or are in the ordinary course of business but are not Arm's Length transactions shall require prior approval of the Board.
2. Where any Director is interested in any Related Party Transactions, such Director will abstain from discussion and voting on the subject matter of the resolution relating to such transaction.
3. All the Material Related Party Transactions shall be considered and approved by the Board of Directors before placing them before the Shareholders for their approval except for those transactions that do not require approval under Section 177 and 188 of the Companies Act 2013.

Approval of Shareholders

1. All the Related Party Transactions which exceeds the limit as prescribed under Section 188 of the Act read with Rule 15 of Companies (Meetings of Board and its Powers) Rules shall be placed for shareholders' approval by way of resolution.
2. Any shareholder which is a Related Party in the context of the proposed Related Party Transaction shall abstain from voting on such resolution in terms of the provisions of the Act

VIII. RATIFICATION

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under subsection (1) and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

IX. DISCLOSURE

The particulars of contracts or arrangement with related parties referred in section 188(1) of the Companies Act 2013 should be disclosed in the Directors Report in the prescribed format. The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.

X. AMENDMENT TO THE POLICY

The Audit Committee shall review on an annual or periodic basis this Policy and advise changes if any required from time to time in line with the latest law and considering the nature of related party transactions to be entered into by the Company. Any change to this Policy requires approval of the Board of Directors.