

Lalit Polymers & Electronics Limited

Policy on Related Party Transactions

Preamble

It has been made mandatory by the Clause 49 of the Listing Agreement (vide SEBI circular no. circular CIR/CFD/POLICY CELL/2/2014, dated April 17, 2014) for all listed companies to formulate a policy on materiality and dealing with related party transactions. This policy is drafted in line with the above mentioned requirements.

The Board of Directors of the Lalit Polymers & Electronics Limited has, at its meeting held on February 13, 2015 approved and adopted this policy.

Effective Date

The policy shall take effect from October 1, 2014.

Definitions

For the purposes of this policy

“Audit Committee or Committee” shall mean a Committee of the Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.

“Board” means Board of Directors of LPEL.

“Company or LPEL” shall mean Lalit Polymers & Electronics Limited, wherever it is referred to in the policy.

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“Directors” shall mean the directors of LPEL.

“Key Managerial Personnel” shall mean key managerial personnel in relation to LPEL as defined under the Companies Act, 2013, as follows:

- (i) the Chief Executive Officer or the managing director or the manager;
- (ii) the company secretary;
- (iii) the whole-time director;
- (iv) the Chief Financial Officer;

“Policy” shall mean the Policy on Related Party Transactions of LPEL.

***“Related Party”** shall mean related party as defined in Clause 49 of the Listing Agreement, as follows:

An entity shall be considered as related to the company if:

- (i) such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) such entity is a related party under the applicable accounting standards.

“Related Party Transaction” shall mean any 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 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 ; or
- 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)

“Shareholders” shall mean the shareholders of LPEL.

“Special Resolution” shall mean a resolution in which the votes cast in favour of the resolution, whether on a show of hands, or electronically or on a poll, as the case may be, by members who, being entitled so to do, vote in person or by proxy or by postal ballot, are required to be not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting

The Policy

#Materiality of Related Party Transactions:

Any 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, exceeds five percent of the annual turnover or twenty percent of the net worth of the Company as per the last audited financial statements of the Company, whichever is higher.

Dealing with Related Party Transactions:

Identification of Related Party Transactions-

It shall be the responsibility of the Directors and Key Managerial Personnel to provide to the Company, notice of their interest in any transaction proposed to be entered into by the Company, in which they are directly or indirectly interested and abstain from voting in the meeting of the Board and as the case may be at the meeting of the Shareholders in which the transaction is proposed to be approved.

Audit Committee Approval-

All Related Party Transactions, irrespective of whether they are material or not, shall be entered into only after the prior approval of the Audit Committee is obtained.

#Provided that the above requirement shall not be applicable for transactions entered into by LPEL with its wholly owned subsidiaries.

In case any member of the Committee is interested in the transaction proposed for approval, the interested member shall abstain from voting and only the dis-interested members shall vote on the resolution.

For the purpose of the approval, the Company shall provide the Audit Committee with the following details in order to enable it to take a learned decision:-

1. The name of the related party and nature of relationship.
2. The nature, duration and particulars of the contract or arrangement in case the same have been finalised.
3. The material terms of the contract or arrangement including value, if any. If the same are not arrived at as on date of tabling of the transaction, the estimated/ projected values.

4. Any other data, depending on the transaction, which would be relevant or important for the Committee to take a decision.

#Omnibus approval by Audit Committee

The Audit Committee may grant omnibus approval for Related Party Transactions 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 this policy 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;

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.**

d. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.

e. 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 the Shareholders-

All Material Related Party Transactions, #except those entered into by LPEL with its wholly owned subsidiaries, shall be entered into only after the approval of Shareholders of the Company through a special resolution in which all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

In order to assist the shareholders to take an informed decision, the notice calling for the general meeting shall have the following details in the explanatory statement annexed to the resolution:

1. The name of the related party and nature of relationship.
2. The nature, duration and particulars of the contract or arrangement in case the same have been finalised.
3. The material terms of the contract or arrangement including value, if any. If the same are not arrived at as on date of tabling of the transaction, the estimated/ projected values.
4. Any other data, depending on the transaction, which would be relevant or important for the members to take a decision.

Review of Related Party Transactions-

All the Related Party Transactions shall be reviewed on a periodic basis by the Audit Committee and the Company shall provide the details of all such transactions to the Committee at its meeting at least once every quarter.

Omission of prior approval of the Committee-

In the event of a case where any related party transaction/ transactions have been entered into without the prior approval of the Audit Committee, it shall be the prerogative of the Committee to:

- ❖ call for the all the details relevant to the transaction,
- ❖ consider and examine all the facts and circumstances with respect to the case and
- ❖ try and establish the reason for omission.

Once the Committee is satisfied with the facts and data produced before it, it shall then weigh in the options available to the Company, including ratification or termination of the transaction, and shall further take any action it deems appropriate.

Authority to make amendments:

The Audit Committee shall have the right to make recommendations to the Board with regards to any amendment to the policy and the Board shall have the power to make any amendments to the Policy as it deems fit from time to time, provided that the Policy continues to be in line with the requirements of the Clause 49 of the listing agreement and all other applicable laws for the time being in force.

#This policy shall be disclosed on the Company's website and the web link to the same shall be provided in the Annual Report.