

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

I. INTRODUCTION

The Securities and Exchange Board of India (“SEBI”) vide its notification dated September 02, 2015 issued the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”). These regulations came into force from December 01, 2015. Regulation 23 (1) of SEBI LODR Regulations states that all the Listed Companies shall frame a policy on materiality of the related party transactions and dealing with the same. Company has in light of the above requirements framed a Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee.

The Board of the Directors of the Company have, in consultation with recommendation provided by Audit Committee, in their meeting held on 29/03/2019 reviewed, modified and adopted this policy to align the same with SEBI (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018.

This policy is made in alignment with Company’s Vision and Values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.

II. OBJECTIVE AND APPLICABILITY

This policy is designed to govern the transparency of approval process and disclosure requirements to ensure fairness in conduct of related party transactions. The objective of this policy is to set out:

- Materiality thresholds for related party transactions; and
- Manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of Listing Regulations and any other laws and regulations as may be applicable to the Company, from time to time.

This Policy shall be applicable to all the Related Party Transactions entered into by the Company except the following transactions relating to:

- Loans/advances given/taken to/from a related party
- Guarantee given/taken or security provided/sought in connection with a loan to a related party/Company
- Investment(s) made in related party

- Transfer/assignment of obligation under an existing contract/arrangement with a related party to some other person or related party.
- Amendment/Cancellation of an existing contract/arrangement with a related party

III. DEFINITIONS

In this policy, unless repugnant to the meaning or context thereof, the following expressions, whenever used in this policy, shall have the meaning assigned to them below:

- i) **“Act”** means the Companies Act, 2013 and rules made there under, as amended from time to time.
- ii) **“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.
- iii) **“Audit Committee”** means the Committee of the Board formed under Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).
- iv) **“Control”** means control as defined under section 2 (27) of the Act which includes the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.
- v) **“Directors”** shall mean Directors on Board of Generic Engineering Construction and Projects Limited;
- vi) **“Company”** shall mean Generic Engineering Construction and Projects Limited (formerly known as Welplace Portfolio and Financial Consultancy Services Limited);
- vii) **“Key Managerial Personnel”** (“KMP”) includes
 - Chief Executive Officer or the Managing Director or the Manager
 - Whole-time Director
 - Company Secretary
 - Chief Financial Officer
 - Such other officer as may be prescribed.
- viii) **“Material Related Party Transaction”** means any transaction /transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10 % of the Annual Consolidated Turnover of the Company as per the latest audited financial statements.

- ix) **“Office or place of profit”** means any office or place—
- where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise
 - where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.
- x) **“Ordinary course of business”** means a transaction which is—
- 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
 - Historical practice with a pattern of frequency
 - Common commercial practice; or
 - Meets any other parameters/criteria as decided by the Board/Audit committee
- xi) **“Related Party”**, with reference to a Company means—
- a) Director or his relative
 - b) KMP or his relative
 - c) Firm in which director, manager or relative is a partner
 - d) Private company in which a director or manager is a member or director
 - e) public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital
 - f) 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
 - g) any person on whose advice, directions or instructions a director or manager is accustomed to act: Provided that nothing in sub-clauses (f) and (g) shall apply to the advice, directions or instructions given in a professional capacity;
 - h) 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;

“Related Party”, with reference to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 means: -

“Related party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.”

- xii) **“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 transaction in a contract.
- xiii) **“Relative”** means relatives as defined under companies act 2013, and includes in relation to a person his/her—
- Spouse
 - HUF members
 - Father (includes Step Father)
 - Mother (includes Step Mother)
 - Son (includes Step Son)
 - Son’s wife
 - Daughter
 - Daughter’s Husband
 - Brother (includes Step brother)
 - Sister (includes Step Sister)

IV. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Before the start of each financial year, the Company shall draw up a list of ‘related parties’ in accordance with the definition. Any changes in the list during the financial year shall be made as and when the Company receives information in this regard from the Directors and key Managerial Personnel. For this purpose, the Company shall devise an appropriate procedural mechanism.

The Company will then determine whether the transaction does, in fact, constitute a related party transaction or not.

V. APPROVALS REQUIRED FOR RELATED PARTY TRANSACTIONS

a) Approval of Audit Committee—

- All related party transactions will be placed for prior approval of the Audit Committee
- The Company shall obtain omnibus approval from the Audit Committee for related party transactions proposed to be entered into by the Company based on the criteria as approved by the Board of Directors, from time to time.
- The Audit Committee shall lay down the criteria for granting the omnibus approval. Such approval shall specify: -

- a. The names of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into
 - b. The indicative base price/contract price and the formula for variation in the price if any
 - c. Such other conditions as the committee may deem fit
- Such omnibus approval shall be valid for a maximum period not exceeding one financial year and shall require fresh approval after expiry of such financial year.
 - Any member of the Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

b) Approval of the Board of Directors of the Company

- All related party transactions as specified under section 188 of the Act and which are not in the ordinary course of business or not at an arm's length basis, will be placed before the Board for its approval.
- The transactions where Audit Committee determines that such should be brought before the Board, or if the Board in any case elects to review or it is mandatory under any law for board to approve the related party transactions, then the considerations set forth in this policy shall apply to the Board's review/approval of the matter, with such modification as may be necessary or appropriate under the circumstances.
- If the Board is of the view that Related Party Transaction needs to be approved at a general meeting of the shareholders by way of a resolution pursuant to the Listing Regulations, Companies Act, 2013 and any other applicable law, the same shall be put up for approval by the shareholders of the Company.
- In the above context where any Director is interested in any contract or arrangement with a Related Party such Director shall not be present during the discussion and vote on the subject matter of the Resolution relating to such contract or arrangement.

c) Approval of the Shareholders of the Company

- In addition to the above, all the transactions specified under section 188 of the act which are not in the ordinary course of business or at arm's length basis and exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014, as amended, are to be placed before the shareholders for its approval. No member of the Company shall vote on such resolution, to approve the contract or arrangement which may be entered by the Company, if such member is a Related Party
- In case of Material Related Party Transactions, the Audit Committee shall approve the upper limit of the transactions that may be entered with a related party and recommend the same for the shareholders' approval.

d) Materiality Thresholds

Regulations 23 of the SEBI 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 abstain from voting on such resolution whether such entity is a related party to the particular transaction or not. The Company has fixed its materiality threshold at 10% of the annual consolidated turnover of the Company as per last audited financial statements of the Company for the purpose of Regulation 23(4) of the SEBI Listing Regulation.

VI. DISCLOSURES

- The Company is required to disclose the details of all material transactions with related parties on a quarterly basis along with the compliance report on corporate governance and
- The particulars of contracts or arrangements with related parties referred to in Section 188(1) in the prescribed form in the Board's report and
- The Company shall also provide details of all the related party transactions triggering the threshold limits on a quarterly basis along with the compliance report on corporate governance to Stock exchanges.
- The Company shall also have to disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report (by way of a web link).
- Quarterly/Periodical update to the Audit Committee on all the related party transactions entered into by the Company.
- The Company shall, within 30 days from the date of publication of its standalone and consolidated financial results for the half year, submit the disclosures of RPT on a consolidated basis, in the format specified in the relevant AS for annual results to the SE and publish the same on its website.

VII. DISCLOSURE OF INTEREST

Every Director shall at 1st Meeting of Board in which he/she participates as Director and thereafter every year or in case of any change in directorship make disclosure of his/her interest in any company/firm/associations by giving notice in Form MBP – 1 (Annexure 1).

It shall be the duty of the director giving notice of interest to cause it to be disclosed at the meeting held immediately after the date of the notice.

VIII. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this RPT Policy, the transaction shall be placed as promptly as practicable before the Audit Committee or Board of Directors or the Shareholders as the case may be required in accordance with this RPT Policy for review and ratification.

The Audit Committee or the Board of Directors or the shareholders shall consider all relevant facts and circumstances of such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision or termination of such transaction and the Company shall take such actions as Audit Committee deems appropriate under the circumstances.

IX. NON-COMPLIANCE OF THIS POLICY

In case the Related Party Transaction entered into is not approved as per the terms mentioned in this policy, the same shall be reviewed by the Audit Committee in the next meeting. The Audit Committee shall be provided with all the relevant facts and circumstances for entering into such transaction with a related party. The Audit committee shall further evaluate and take necessary steps, as it may deem fit, including Ratification, Termination or Revision of any terms of such Related Party Transaction.

In a case where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee may direct additional actions including, but not limited to immediate discontinuation of the transaction. In connection with such review, the Audit Committee has the authority to modify or waive any procedural requirements of the Policy.

X. REVIEW OF THE CODE

The Board/ Audit Committee of the Company may carry out the changes to this policy from time to time so as to bring them in line with the amendments as may happen under the listing regulations and/or Companies Act, 2013.

XI. PLACEMENT OF THE CODE ON THE WEBSITE OF THE COMPANY

This policy as amended from time to time shall be posted on the website of the Company.