

RELATED PARTY TRANSACTION POLICY

1. Preamble

The erstwhile Related Party Transaction Policy as approved by the Board of Directors of GRP Ltd. (the “Company”) at its meeting held on 14th November, 2014 which was effective since 1st October, 2014 was framed as per the then applicable clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges and the relevant provisions of the Companies Act, 2013. Pursuant to the applicability of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (in place of the erstwhile clause 49 of the listing agreement) with effect from 2nd December, 2015 and various amendments made to the said regulations, it is necessary to revise the said Related Party Transaction Policy. Accordingly the revised policy has been prepared. This policy which is in supersession of the erstwhile policy, will be applicable to the Company with effect from 1st April, 2019. This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company.

2. Purpose

This policy is framed as per the requirement of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

3. Definitions

“**Act**” means the Companies Act, 2013 and the Rules and Regulations made thereunder, as amended from time to time.

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under the provisions of the Act and / or the Regulations.

“**Board**” means Board of Directors of the Company

“**Material Related Party Transaction**” means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

“**Policy**” means Related Party Transaction Policy.

“**Regulations**” means SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time.

“**Related Party**” means a related party as defined under the Act or under the applicable accounting standards and includes any person or entity belonging to the promotor or promotor group of the company and holding 20% or more of shareholding in the company.

“Related Party Transaction” means a transfer of resources, services or obligations between the company and a related party, regardless of whether a price is charged, and such transaction shall be construed to include a single transaction or a group of transactions in a contract.

All other words and expressions used but not defined in this policy, but defined in the Act and/or Regulations shall have the same meaning as respectively assigned to them in such Act or Regulations or any statutory modification or re-enactment thereto, as the case may be.

4. Policy

All Related Party Transactions must be reported to the Audit Committee and referred for prior approval to the Audit Committee in accordance with this Policy.

The policy shall be reviewed by the Board of Directors at least once every three years and requisite updates be included therein.

4.1 Identification of Potential Related Party Transactions

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy including clear threshold limits for each such transaction.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

4.2 Prohibitions related to Related Party Transactions

All Material Related Party Transactions shall require approval of the shareholders through resolution and all the Related Parties shall not vote on such resolutions irrespective of whether the related party is a party to the particular transaction or not.

4.3 Omnibus approval for Related Party Transaction

Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the company subject to the following conditions, namely :

- a) The audit committee shall consider the following criteria for granting the omnibus approval for the related party transactions and such approval shall be applicable to transactions which are repetitive in nature :
- Whether the terms of the Related Party Transaction are fair and on arms-length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
 - Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
 - Whether the Related Party Transaction would affect the independence of an independent director;

- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

(b) 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;

(c) the omnibus approval shall specify: (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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 rupees one crore per transaction.

(d) 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.

(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:

4.4 Review and Approval of Related Party Transactions other than omnibus approved transactions

Related Party Transactions other than those for which omnibus approval has been given by the audit committee, will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and shall not vote on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and on arms length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;

- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders :

- i. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
- iii. Any transaction entered into between the company and its wholly owned subsidiary whose accounts are consolidated with the holding company and placed before the shareholders at the general meeting for approval.

5. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The 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.

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

6. Disclosures

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

This Policy shall be disclosed on the web site and a web link thereto shall be provided in the Annual Report of the Company.

This policy has been approved by the Board of Directors at its meeting held on 12th February, 2019.

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