
Policy and Procedures for the Related Party Transactions (RPT) and policy on materiality of RPTs

Overview:

GVP INFOTECH LIMITED (the “Company”) has established and adopted this Policy for the Related Party Transactions pursuant to the provisions of Section 188 of the Companies Act, 2013 (“the Act”) read with The Companies (Meetings of Board and its Powers) Rules, 2014.

This Policy and Procedure Regarding RPTs (“Policy”) describe the process for identifying and approval or ratification of the RPTs including any modification thereof as well as establishing certain reporting requirements.

Statutory Provisions pertaining to the RPTs:

Statutory provisions with respect to the RPTs are covered in Sections 2 (76), 2(77) and 188 of the Act and Rule 15 of The Companies (Meetings of Board and its Powers) Rules, 2014.

Scope, Applicability & Definitions:

This Policy applies to all the transactions of the Company with the Related Parties including changes which may take place in the list of related parties from time to time as specified in Section 188 of the Companies Act, 2013 and The Company’s (Meeting of Board and its Powers) Rules, 2014.

Policy Statement:

- The Company and its Officers shall not enter into any RPT unless such transaction is in the Ordinary Course of Business and on an Arm’s Length Basis and/or a Transaction within the “RPT Framework”.
- The RPT Policy and RPT Framework will be reviewed, amended and approved from time to time, as the case may be, by the Audit Committee or the Board of Directors or the Shareholders of the Company
- Subject to the compliance with the RPT Policy and RPT Framework, all RPTs of the Company are to be approved by the Audit Committee of the Company and/or Board of Directors of the Company.

GVP INFOTECH LIMITED

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CIN : L74110DL2011PLC221111

Definitions:

1	Related Party	Is/are as defined in Companies Act, and revisions which may take place in the said enactments from time to time
2	Relative	in relation to a Related Party is as defined in Section 2(77) of the Act and Companies (Specification of Definitions Details) Rules, 2014 and revisions which may take place in the said enactments from time to time.
3	Key Managerial Personnel (KMP)	Means: <ul style="list-style-type: none"> • the Chief Executive Officer or the Managing Director or the Manager and in their absence the Whole-Time Director; • the Company Secretary; • the Chief Financial Officer; or • any other person appointed as may be appointed as the KMP by the Board of Directors of the Company
4	Initiator of RPT	means: <ul style="list-style-type: none"> • a person being not below the rank of KMP is responsible to initiate the RPT process under this Policy in conformity with RPT Framework • the responsibility to consult the RPT Policy and RPT Framework vests with each Functional Head of the Company
5	RPT	Company may enter into transactions with its Related Parties from time to time. Such transactions will be entered into on the basis of: <ul style="list-style-type: none"> • this Policy and RPT Framework approved and amended from time to time. • provisions of the Act, and other applicable laws, if any
6	Exempt RPT	is a RPT/s which is covered under the RPT Framework and will be considered as the Exempt RPT/s under Section 188 of the Act and The Companies (Meetings of Board and its Powers) Rules, 2014.
7	Non-Exempt RPT	is a RPT: <ul style="list-style-type: none"> • Falling outside the scope of the RPT Framework and /or • Which are not in the Ordinary Course of Business and / or not on an Arm's Length basis will be considered as the Non - Exempt RPT and shall be liable for the compliance requirement prescribed under this Policy
8	Board of Directors or Board	means the collective body of the Directors of the Company
9	Audit Committee	means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013.
10	Committee of Directors	means the Committee of Directors of the Company constituted or reconstituted from time to time
11	Chief Executive Officer (CEO)	means a person appointed as the Chief Executive Officer of the Company
12	Chief Financial Officer (CFO)	means a person appointed as the Chief Financial Officer of the Company

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13	Company Secretary (CS)	means a Company Secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 who is appointed by the Company to perform the functions of a Company Secretary under the Act
14	Assessors	Chief Executive Officer, Chief Financial Officer, Company Secretary, or any other Functional Head or person designated as the Assessor (collectively referred to as “the Assessors”). Each RPT shall be assessed by at least one Assessor.
15	Competent Authority	Audit Committee, Board of Directors, Shareholders are jointly and/or severally referred to as the Competent Authority

Interpretation of the Policy:

In this Policy singular expression shall include the plural thereof. This Policy shall be interpreted and administered by or under the direction of the Audit Committee, which shall have the authority to construe, interpret, implement, amend, modify, delegate, review or restate this, Policy.

- **All RPTs shall be placed before the Audit Committee and/or Board of Directors.**

Identification of the Related Parties:

- On an annual basis, the CS shall request a disclosure from each Director and a KMP and other Related Parties within the meaning of Section 2(76) of the Act in the prescribed format.
- Directors and KMPs would be responsible for promptly notifying the CS in case of any changes / updates occur in the Related Parties declared by them.
- Any individual appointed/elected as a director or KMP shall be responsible to promptly complete and submit to the Company Secretary, the Disclosure declaration referred in VII (1) above.
- The CS shall be responsible to maintain the updated list of Related Parties based on the disclosures received from them.

RPTs with the Wholly Owned Subsidiaries:

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- In case of RPT/s with a Wholly Owned Subsidiary (WOS) of the Company, the Special Resolution passed by the Shareholders of the Company in the General Meeting shall be sufficient for the purpose of entering into such transactions.
- WOS shall provide the relevant information to the Company as and when required.
- Such Special Resolution passed by the Company should be noted/approved by the Board of Directors of the WOS

RPT Framework:

- The Board of Directors of the Company will approve the RPT Framework and delegate the same to the Audit Committee which will regulate the RPTs falling within this Policy and such RPTs will be approved by the Audit Committee and/or Board of Directors in accordance with the RPT Policy and RPT Framework.
- The Board of Directors of the Company in its discretion may seek approval of the Shareholders of the Company for the RPT Framework as and when required.
- All the RPTs of the Company will be subjected to evaluation and assessment by any KMP.

Notification, Approval, Rejection of an RPT:

	Notification of RPT	<ul style="list-style-type: none"> • No RPT shall be executed by the Company unless such RPT is covered within the scope of the approved RPT Framework. • If rejected, any such RPT shall not be proceeded with and shall be subjected to the approval from Board of Directors and the Share Holders of the Company as the case may be.
	Preliminary Assessment of RPTs	<ul style="list-style-type: none"> • If in the opinion of any of the Assessors, the intended transaction is not exempt RPT such transaction will be referred back to the Initiator with reasons thereof. • If in the opinion of the Assessor, the intended transaction is exempt RPT, such transaction will be referred to the Audit Committee/Board of Directors for approval. • If in the opinion of any of the Assessor, the intended transaction is not an Exempt RPT, such transaction shall be referred to the Audit Committee/Board of Directors for review and further directions.

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		<ul style="list-style-type: none"> The Initiator, Assessors and Committee of Directors shall respond to RPT approval requests within a time frame.
	Approval of the RPTs	<p>The Audit Committee, upon receipt of the views from the Assessor, shall review the RPT and comments of the Assessor and may take the following actions:</p> <ul style="list-style-type: none"> Approve the RPTs for execution. Send the RPT back for seeking additional justification or substantiation. Reject the RPT Recommend the RPT for approval of, Board of Directors or Shareholders as the case may be

Procedure for Approval of the Non-Exempt RPT:

- The Assessor will refer all non-exempt RPT to the Audit Committee for assessment and approval.
- The Audit Committee will review and assess the said Non-Exempt RPT and if the RPT is found:

Exempt	Approve the RPT for execution
Non-Exempt	Recommend to the Board of Directors for further direction and compliance

Ratification of the RPT:

- RPTs entered into inadvertently or accidentally without the approval of the Competent Authority needs to be ratified within three months or next Board meeting from the date of the execution of the said RPT by the Board/Shareholders of the Company, as the case may be.
- If such RPTs are not ratified by the Board/Shareholders of the Company as the case may be, such transaction shall be void ab initio and not binding on the Company.

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Reporting and Review:

1. Quarterly Reporting:

At each quarterly Meeting of the Audit Committee and/or Board meeting, the CFO and CS shall jointly provide a comprehensive Report summarizing all RPTs, for the immediately preceding fiscal Quarter of the Company including all RPTs (exempt/non-exempt).

2. Review of RPT Policy and Framework:

The Audit Committee shall from time to time review the RPT Policy and / or the RPT Framework as it may deem fit subject to the applicable provisions of the Act, wherever applicable.

Competent Authority for RPT Policy and Framework:

The Audit Committee of the Company, subject to supervision of the Board, shall be the Competent Authority for investigating and taking an appropriate disciplinary action for any breach and / or defaults in complying with this Policy. Such disciplinary action shall be in addition to the penal provisions of the Act.

Compliance with the RPT Policy:

1. Every person responsible for RPT shall be accountable for complying with this Policy.
2. A Director or any other employee of a company, who had entered into or authorised the contract or arrangement in violation of the RPT Policy and RPT Framework shall be guilty of non-compliance.
3. In case of breach of this Policy, Audit Committee and/or Board of Directors may initiate appropriate action against the person/s responsible.
4. A person shall not be eligible for the appointment as a Director of a Company if he has been convicted of the offence under Section 188 of the Act at any time during the last preceding five years.

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Material Related Party Transactions:

Pursuant to Clause 49(VII)(C.), 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, exceeds 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 the shareholders through appropriate Resolution and the related parties shall abstain from voting on such resolutions.

Disclosure of the RPTs:

RPTs and prescribed details thereof will be disclosed in the Directors' Report/Annual Report in accordance with the provisions of the Act and Rules framed there under.

Governing Law and Amendments:

The RPT Policy along with RPT Framework will be governed by the relevant provisions of Section 188 of the Companies Act, 2013 and The Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Listing agreement and amendments thereto form time to time. This Policy and the RPT Framework may be reviewed and/or amended at any time and/or subject to the revisions on the applicable laws, regulations and amendment thereto from time to time and/or the actions taken by the Board of Directors and/or the Audit Committee of the Company.

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