

GOKALDAS EXPORTS LIMITED

RELATED PARTY TRANSACTIONS POLICY

1. INTRODUCTION

GOKALDAS Exports Ltd (the “Company”) recognizes that certain relationships can present potential or actual conflicts of interest and may raise questions about whether transactions associated with such relationships are consistent with Company’s and its stakeholders’ best interest.

The Company must specifically ensure that certain Related Party Transactions (as defined below) are managed and disclosed in accordance with the strict legal and accounting requirements to which the Company is subject.

Therefore, this policy regarding the review and approval of Related Party Transactions has been adopted by the Company’s Board of Directors’ in order to set forth the procedures under which certain transactions must be reviewed or ratified.

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) mandates formulation of a policy on transactions with related parties and dealing with Related Party Transactions. As part of its Corporate Governance practices, the Board of Directors (the “Board”) of GOKALDAS EXPORTS LTD has adopted the following policy and procedure with regard to Related Party Transactions.

2. APPLICABILITY AND EFFECTIVE DATE

This policy will be applicable to the Company with effect from 14th February, 2014 to regulate transactions between the Company and its Related Parties based to the applicable laws and regulations. In view recent amendments the Policy has been amended by the Board of Directors at its meeting held on 22nd July, 2022 and the amendments as approved by the Board shall come into force from 01st April, 2022.

3. DEFINITIONS

“Act” shall mean the Companies Act 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

“Arm’s Length basis” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arm’s Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

“Annual Consolidated Turnover” is defined as Total Income (i.e. interest earned plus other income) of the Company as per last audited Annual Consolidated Financial Statements of the Company.

“Wholly Owned Subsidiary” means any other company, in which the Company whose common stock is 100% owned by another Company, called the parent Company.

Explanation: A Company can become a wholly owned subsidiary through acquisition by the parent company of 100%.

“Audit Committee” or “Committee” means “Audit Committee” of the Board of Directors of the Company.

“Board of Directors” or “Board” means the Board of Directors of the Company. “Company” Means Gokaldas Exports Ltd.

“Key Managerial Personnel” means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made thereunder.

- (i) Chief Executive Officer or the Managing Director;
- (ii) Executive Director(s) / Whole-time Director(s);
- (iii) Company Secretary;
- (iv) Chief Financial Officer;
- (v) Chief Compliance Officer;
- (vi) Board Secretary and
- (vii) Such other officer/s as may be prescribed;

“Policy” means Related Party Transaction Policy of the Company.

“Related Party” means in relation to the company means -

- (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 or his relative is a member or director;
- (v) A public company in which a director or manager and holds is a director or holds along with his relatives, more than 2% 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;
- (vii) Any person on whose advice, directions or instructions a director or manager is accustomed to act:
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) any body corporate which is -
 - (A) a holding, subsidiary or an associate company of such company;
 - (B) a subsidiary of a holding company to which it is also a subsidiary; or
 - (C) an investing company or the venturer of a company;
- (ix) A Director, other than an Independent Director, or Key Managerial Personnel of the holding company or his relative with reference to a company, shall be deemed to be a Related Party,
- (x) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (xi) any person or any entity, holding equity shares:
 - i. of 20% or more; or
 - ii. of 10% or more, with effect from April 1, 2023;in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

“Related Party Transaction” means transaction in the nature of contract involving transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;

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:

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.
- (c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s).

Material Modifications to Related Party Transactions:

Material modifications to Related Party Transactions shall mean modification to the Related Party Transaction which substantially changes the nature / tenure of transaction as considered by the Audit Committee while approving the transaction at the first instance.

As per Listing Regulations:

A transfer of resources, services or obligations between the Company 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.

As per Section 188 of the Companies Act, 2013

Any contract or arrangement with respect to the following shall be considered as a Related Party Transaction:

- sale, purchase or supply of any goods or materials;
- selling or otherwise disposing of, or buying, property of any kind;
- leasing of property of any kind;
- availing or rendering of any services;
- appointment of any agent for purchase or sale of goods, materials, services or property;
- appointment of a person to any office or place of profit in the company, its subsidiary company or associate company; and
- under writing the subscription of any securities or derivatives thereof of the Company

“Related Party Transactions which are not in Ordinary Course of Business or not at an Arm’s Length”:

- 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 listed above, if the Related Party Transactions are not in Ordinary Course of Business or not at an Arm’s Length and exceeds the prescribed criteria in Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014

As per Section 177 of the Companies Act, 2013

- Any transaction or any subsequent modification of transactions of the Company with related parties.

4. POLICY

All Related Party Transactions must be reported to the Audit Committee at a Meeting of the Audit Committee and referred for approval by the Committee in accordance with this Policy.

4.1 Identification of potential Related Party Transactions

1. GOKALDAS Group Companies:

All the Companies in Gokaldas Group i.e. its subsidiary companies, associate companies and companies in which the Directors are interested shall be considered as Related Parties.

2. Key Managerial Personnel and connected Related Parties:

Each Director and Key Managerial Personnel shall disclose to the Company Secretary of the Company its Related Parties. The Board shall record the Disclosure of Interest.

The Company shall also identify Related Party Transactions with Directors or Key Managerial Personnel of the Holding Company/ies or their relative.

3. The Company will identify the potential transactions with the Related Parties.

4.2 Approving Authority of Related Party Transactions

Audit Committee:

All proposed Related Party Transactions and any subsequent material modification of transactions of the Company with related parties shall require the prior approval of the Audit Committee at a Meeting of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the company which are repetitive in nature and are in the ordinary course of business and on at Arms’ Length basis, subject to compliance of the conditions contained in Regulation 23 of the Listing Regulation.

Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions and/or potential Related Party Transactions and/or Prescribed under the Companies Act, 2013 and Rules thereunder, and the Listing Regulations.

Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval shall not require prior approval of the Audit Committee.

Approval Process:

- A. The Audit Committee shall specify the criteria for making the omnibus approval which shall include the following, namely:-
 - a) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
 - b) the maximum value per transaction which can be allowed;
 - c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - d) transactions which cannot be subject to the omnibus approval by the Audit Committee.

- B. Transactions including modifications to the existing Transactions with Related Parties which are not material but repetitive in nature can be covered in the Omnibus Approval by the Audit Committee which requires the following information:
 - i. name of the related party
 - ii. nature of the transaction
 - iii. period of transaction
 - iv. maximum amount of transaction that can be entered into
 - v. indicative base price / current contracted price and the formula for variation in the price if any and taxes
 - vi. payment security and payment terms
 - vii. warranties and guarantees
 - viii. justification for the arm's length nature of transaction and
 - ix. Compliance under the Act, Listing Regulations and other legal aspects

Note: The above details should contain the required relaxation if any. For example, in case the Period of Transaction is 3 years and relaxation required is say 3 months, then the same should be mentioned in the particulars.

Related Party Transactions qualifying for Omnibus Approval will be as per the list approved by the Audit Committee.

- C. Where the need for Related Party Transactions 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. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: –
 - a) repetitiveness of the transactions (in past or in future);
 - b) parties with whom transactions have been entered;

c) justification for the need of omnibus approval.

The Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company.

- E. Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one financial year.
- F. The Audit Committee shall review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made.

Board:

All Material Related Party Transactions under the Listing Regulations which are subject to approval of the shareholders shall require the approval of the Board of Directors at a Meeting of the Board.

All "Related Party Transactions which are not in Ordinary Course of Business or not at an Arm's Length" shall require the prior approval of the Board of Directors at a Meeting of the Board and cannot be passed by Circulation.

However, if the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and 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.

Shareholders:

All the material Related Party Transactions and material modifications shall require approval of the shareholders through special resolution and the Related Party/ies with whom transaction is to be entered shall abstain from voting on such resolution.

All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders through special resolution if so required under any law and the related parties shall abstain from voting on such resolution.

Information shall be given in the explanatory statement forwarded to Shareholders after the approval of the Board:

- a. Name of the Related Party
- b. Name of the Director or Key Managerial Personnel who is related, if any
- c. Nature of relationship
- d. Nature, material terms, monetary value and particulars of the contract or arrangement
- e. Any other information relevant or important for the members to take a decision on the proposed resolution

4.3 Material Related Party Transactions

A transaction with a Related Party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rupees One Thousand crore or ten percent of the Annual Consolidated Turnover of the Company as per the last audited Annual Consolidated Financial Statements of the Company, whichever is lower.

A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

5. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a transaction with a Related Party that has not been approved under this policy prior to its consummations, 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 may examine the facts and circumstances of the case and take any such action it deems appropriate

6. GENERAL PRINCIPLES

- i) It shall be the responsibility of the Board to monitor and manage potential conflicts of interest of management, Board Members and Shareholders, including abuse in Related Party Transactions.
- ii) The Independent Directors of the Company shall pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company.
- iii) The Audit Committee shall have the following powers with respect to Related Party Transactions;
 - To seek information from any employee
 - To obtain outside legal or other professional advice
 - To secure attendance of outsiders with relevant expertise, if it considers necessary
 - To investigate any related party transaction.
- iv) The CFO of the Company is authorized to issue necessary guidelines/instructions for implementation of this policy.
- v) The Company while entering into any Related Party Transaction shall ensure that such Related Party Transaction is in the best interest of the Company and adheres to this policy.

7. DISCLOSURES

Details of all material transactions with Related Parties shall be disclosed to stock exchanges quarterly along with the compliance report on corporate governance.

The Company shall disclose the policy on dealing with Related Party Transactions on its website and web-link shall be provided in the Annual Report.

8. AMENDMENTS IN LAW

Any subsequent amendment/modification in the SEBI LODR Regulations, 2015 and/or other applicable laws in this regard shall automatically apply to this Policy.
