

GILADA FINANCE AND INVESTMENTS LIMITED

RELATED PARTY TRANSACTIONS POLICY

1. PREAMBLE

This Policy is being framed with the objective of ensuring compliance with the provisions pertaining to Related Party Transactions in the **Companies Act, 2013 ("Act")**, the **Rules made thereunder** and the applicable provisions of the **"Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016"** ("RBI Directions").

Related Party Transactions referred to throughout this Policy shall mean contracts/ arrangements / transactions with a Related Party (as defined under the Act). Accordingly, Related Party Transactions may be entered into by the Company only in accordance with this Policy as amended from time to time.

2. OBJECTIVE

The objective of this Policy is to set out:

The manner of dealing with the transactions between the Companies and its related parties based on the Acts, Regulations 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

3. PURPOSE

The Policy intends to define a governance framework for proper approval and reporting of transactions between Gilada Finance and Investments Limited ("the Company") and its Related Parties. The Company is required to disclose each year in the Financial Statements and the Board Report all material transactions between the Company and Related Parties. The Company is also required to disclose the Policy on dealing with Related Party Transactions on its website and a web link thereto to be provided in the Annual Report.

4. REVIEW OF POLICY

The Board/ Audit Committee shall review and accordingly may amend this policy, as and when required by the applicable laws, rules and regulations.

5. DEFINITIONS

"Audit Committee or Committee" means a committee of the Board of Directors of the Company constituted under provisions of the RBI Directions and the Companies Act,



2013. The Board/ Audit Committee shall review and accordingly may amend this policy, as and when required by the applicable laws, rules and regulations.

"Board" means the Board of Directors of the Company constituted under provisions of the Companies Act, 2013.

"Key Managerial Personnel" means key managerial personnel as defined under the Companies Act, 2013 and includes

- i. Managing Director, or Chief Executive Officer or Manager;
- ii. The whole time director;
- iii. Company Secretary;
- iv. Chief Financial Officer
- v. Such other officer, not more than one level below the directors who is in whole time employment, designated as key managerial personnel by the board
- vi. Such other officer as may be prescribed

"Material Related Party Transaction" means 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 rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

Notwithstanding the above, 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 listed entity as per the last audited financial statements of the listed entity.

"Related Party": With reference 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 director or manager or his relative is a member or director.
- v. A public company in which a director or manager is a director and holds along with his relatives, more than two percent. of its paid-up share capital.



- vi. Anybody corporate who's 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.
- viii. Anybody corporate which is
 - a. A holding, subsidiary or an associate company of such company; or
 - b. A subsidiary of a holding company to which it is also a subsidiary;
 - c. An investing company or the venture of the company
- ix. Such other person as may be prescribed.

"Related Party Transaction" shall mean all transactions between the Company on one hand and one or more related party on the other hand including contracts, arrangements and transactions as envisaged in Section 188(1) of the Companies Act, 2013 and/ or applicable Accounting Standards issued by the ICAI.

Arm Length Transaction means the transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

6. POLICY STANDARDS

All Related Party Transactions must be reported to the Board/ Audit Committee as the case may be and referred for approval to the relevant authorities in accordance with this Policy.

6.1 Identification of Potential Related Party Transactions

For identification of the Related Parties, the Secretarial function shall prepare/ updated a Related Parties (RP) list basis intimations received from the Directors / KMPs or changes in corporate or investment structure, as informed from time to time. The names/ details of all RPs identified shall be consolidated as a RP List, which shall be updated on a regular basis by the Secretarial Team. The updated RP List will be shared with the all relevant functions and shall be referred by the Controllership/ Finance Team for monitoring of the transactions and ensuring compliance at their end.

Each director and Key Managerial Personnel shall be 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. The Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.



The Company's directors and KMP shall endeavour to intimate 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.

All Related Party Transactions for the period, reported to the Company Secretary, shall be placed for approval / noting / ratification by the Board of Directors/ Audit Committee, in accordance with this Policy. To review a Related Party Transaction, the Board / Audit Committee will be provided with all the relevant information pertaining to the Related Party Transaction, including the name of the related party, the nature of the relationship, nature of the transaction, whether the transaction is in the 'Ordinary Course of Business', whether the transaction is at 'Arm's Length' and/or in terms of the transfer pricing norms prescribed under the Income Tax Act, 1961 (as the case may be) and any other matter, as may be required.

6.2 Prohibitions related to Related Party Transactions

All Related Party Transactions defined/ stipulated under the Companies Act, 2013 shall require prior approval of the Audit Committee. For any ratification or exception, parameters mentioned in this Policy shall be followed. However, the Audit Committee may grant omnibus approval, on an annual basis, for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- 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.

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company and/or any other transaction the Audit Committee may deem not fit for omnibus approval.

Additionally, other related party transactions prescribed under the Accounting Standards issued by the ICAI shall be presented to the Audit Committee for its review and noting.



6.3 Broad Parameters to assess "Ordinary Course of Business"

The phrase "Ordinary Course of Business" has not been defined under the Act or Rules made thereunder. However, the Company shall adopt a reasonable approach/ methodology to demonstrate 'Ordinary Course of Business' which shall, inter alia, include the Nature of the transaction, the frequency / regularity / length of time the company is engaged such transaction, such transaction/ action is consistent with the past practices and was taken in the ordinary course of the normal day-to-day operations of such company, common commercial practice i.e. customarily taken, in the ordinary course of the normal day-to-day operations of other companies that is in the same / similar line of business.

6.4 Broad Parameters to assess "Arm's Length"

For transactions between two related parties to be considered to be at Arm's Length Pricing, the transaction should be conducted between the two parties as if the parties were unrelated, so that there is no conflict of interest i.e. Arm's Length Pricing is the condition or the fact that the two related parties transact as independent (un-related) parties and on an equal footing from one or more of the following aspects viz. nature of goods/ services, risk assumed, assets/ resources employed, key terms/ covenants.

The Management may, on the advice of the Audit Committee or otherwise (if a need is felt), consult / engage any external legal / transfer pricing expert / valuer to assess / determine the arms-length pricing of a potential related party transaction.

6.5 Materiality Thresholds for Related Party Transactions

- a. The Company will follow Materiality Thresholds for Related Party Transactions as defined in the Policy under the definition section.
- b. The Company shall institute an appropriate framework to provide for approvals / noting of all Related Party Transactions to comply with this Policy.

6.6 Review and Approval of Related Party Transactions

Related Party Transactions will be referred to the next regularly scheduled meeting of the Audit Committee for review /noting and/ or approval as above. 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/ or voting on the approval of the Related Party Transaction. In the event the management determines that it is impractical or undesirable to wait until a meeting of the Committee for the approval of a Related Party Transaction, due to business exigency or otherwise, such transaction may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force.



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, business purpose of the transaction, 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 may consider the following factors, among others, to the extent relevant to the Related Party Transaction:

1. Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
2. 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;
3. Whether the Related Party Transaction would affect the independence of an independent director;
4. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
5. 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
6. 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.

The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered by the Company pursuant to each of the omnibus approval given



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

- 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.

7. 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 consummation, the matter shall be reviewed by the Audit Committee. The Audit 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 Audit 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 Audit 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.

The relevant aspects of this Policy will be communicated to all the directors and concerned employees/ officials of the Company.

For Gilada Finance and Investments Limited


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