

# **POLICY ON RELATED PARTY TRANSACTIONS**

## PREAMBLE

The Board of Directors of GKW Limited (**the “Company”**) have adopted the following Policy on Related Party Transaction (“Policy”), as per the requirement of Regulation 23 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations 2015.

The Policy governs the transactions with related parties, which can present a potential or actual conflict of interest which may arise upon the transactions entered into by the Company with the related parties and whether such transactions are consistent with the interest of the Company and its members.

The Policy also acts as a guideline for identification of related parties and determines the materiality of related party transactions.

## PURPOSE

The purpose of this Policy is to:

- a) ensure proper approval, disclosure and reporting of transactions between the Company and any of its related parties as per the provisions of SEBI Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations 2015 and Companies Act, 2013 and the Rules there under; and
- b) determine the materiality thresholds for related party transactions.

## DEFINITIONS

**“Committee”** means the audit committee of the Company.

**“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.

**“Board”** shall mean, the board of directors of the Company.

**“the Companies Act”** shall mean the Companies Act, 2013 and the rules thereof.

**“Company”** shall mean G K W Limited, the listed entity.

**“Ordinary course of business”** shall include the usual transactions, the transactions/actions which is consistent with the past practices undertaken by the Company to conduct its business operations and includes such action that was taken in the ordinary course of the normal day to day operations of the Company, and includes all such activities which the company can undertake as per the charter documents of the Company.

**“SEBI LODR Regulations”** means Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations 2015, as amended from time to time.

“**KMP**” shall have the same meaning as defined in the Companies Act and the SEBI LODR Regulations.

“**Policy**” shall mean this Policy on Related Party Transactions.

“**Relative**” shall have the same meaning as defined in the Companies Act and the SEBI LODR Regulations.

“**Related Party**” shall have the same meaning as defined in the Companies Act and the SEBI LODR Regulations.

“**Related party transaction**” shall have the same meaning as defined in the Companies Act and the SEBI LODR Regulations.

“**Material Modification**” means any modification related to change in price, tenure, delivery schedule, non-statutory obligations, terms and conditions or short closure of any contract or arrangement with related party.

words and expressions used and not defined in this Policy but defined in the Companies Act and SEBI LODR Regulations shall have the meanings respectively assigned to them in those Acts.

#### **MATERIALITY THRESHOLDS OF RELATED PARTY TRANSACTION**

**The following related party transactions with a Related Party shall be called as a “Material Related Party Transaction:**

- a) 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 listed entity as per the last audited financial statements of the listed entity, whichever is lower.
- b) If the transaction(s) involving payments made to such 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 5% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

#### **IDENTIFICATION OF RELATED PARTY**

The Company shall at all times maintain a database of Related Parties containing details of the identified names of individuals and entities.

The database shall be reviewed on a quarterly basis, based on such declarations by directors, key managerial personnel and other group entities.

All the directors of the Company and KMPs shall be responsible for providing adequate notice to the Committee on any potential related party transaction.

## APPROVAL OF RELATED PARTY TRANSACTIONS

1. All Related Party Transactions and subsequent material modification should require prior approval of the Committee.
2. All Material Related Party Transactions and subsequent material modification shall require approval of the shareholders through resolution and no Related Party shall vote to approve such resolution, whether the entity is a related party to the particular transaction or not. However, this shall not be applicable in respect of a resolution plan approved under the Insolvency and Bankruptcy Code 2016.
3. The aforesaid Paragraph 1 and 2 shall not be applicable for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

4. All Related Parties shall not vote to approve the relevant transaction irrespective of whether the Related Party is a party to the transaction or not.
5. 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.
6. The Committee may grant omnibus approval for the Related Party Transaction which are repetitive in nature and are in the Ordinary course of business and are at Arm's length, subject to compliance of the Companies Act and the SEBI LODR Regulations.
7. The Committee may grant omnibus approval after satisfying itself the need for such omnibus approval and that such approval is in the interest of the Company
8. The Committee after obtaining approval from the Board, set out the criteria for granting the omnibus approval which shall *inter alia* include the following:
  - i. The maximum value of transactions in aggregate under the omnibus route year.
  - ii. The maximum value per transaction.
  - iii. Manner of disclosures to be made before the Committee at the time of

- seeking omnibus approval.
- iv. Transactions which shall not be subject to the omnibus approval.

The Omnibus Approval shall specify the following:

- a. The name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into.
- b. The indicative base price / current contracted price and the formula for variation in the price if any.
- c. Such other conditions as the Committee may deem fit.

The Committee may grant omnibus approval for such transactions which cannot be foreseen and for which the details as specified in paragraph 9 are not available, provided that such transaction does not exceed the limits as specified under SEBI LODR Regulations.

The following types of transactions shall not to be considered for omnibus approval:

- a) which are not repetitive in nature?
- b) Transactions which can be foreseen.
- c) which are not in the ordinary course of business or not at arm's length.
- d) which exceeds the threshold limits of materiality as specified above?
- e) involving any Inter-corporate loans, or purchase or sale or disposal of undertaking, subscriptions to bond, debenture or preference shares issued by the Related Parties, corporate guarantee given/received from Related Parties.
- f) such other transactions as may be determined by the Committee and subject to applicable laws.

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

The Committee/Board should be provided with the following information for

considering any Related Party Transaction:

The listed entity shall provide the following information, for review of the audit committee for approval of a proposed RPT:

- a) Type, material terms and particulars of the proposed transaction;
- b) Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c) Tenure of the proposed transaction (particular tenure shall be specified);
- d) Value of the proposed transaction;
- e) The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
  - i. details of the source of funds in connection with the proposed transaction;
  - ii. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
    - nature of indebtedness;
    - cost of funds; and
    - tenure
  - iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
  - iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g) Justification as to why the RPT is in the interest of the listed entity;
- h) A copy of the valuation or other external party report, if any such report has been relied upon;
- i) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- j) Any other information that may be relevant

The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

**Approval of Board of such Related Party Transactions.**

- a) All the Related Party Transactions specified under the Companies Act which are not in the Ordinary course of business or not an Arm's Length Transaction
- b) Transactions which as per the Policy shall require approval of the Board.
- c) Transactions meeting the materiality thresholds and are required to be placed before the shareholders for approval.

**Approval of Shareholders of such Related Party Transactions.**

- a) All the Related Party Transactions specified under the Companies Act and the rules thereunder.
- b) Transactions which as per the Policy shall require approval of the shareholders
- c) Transactions meeting the materiality thresholds and are required to be placed before the shareholders for approval.

**Information to be provided to shareholders for consideration of RPTs**

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- a) A summary of the information provided by the management of the listed entity to the audit committee as specified in point 4 above;
- b) Justification for why the proposed transaction is in the interest of the listed entity;
- c) Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under point 4(f) above; (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs.)
- d) A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f) Any other information that may be relevant.

## DISCLOSURE

The Company shall to maintain a register physically or electronically, as may be decided by the Board for the Related Party Transactions. This shall be in addition to the register maintained for contracts or arrangements in Form MBP-4.

The Register shall be preserved permanently and shall be kept in the custody of the Company Secretary of the Company or such other persons authorized by the Board for this purpose.

The Company shall w.e.f 1<sup>st</sup> April 2022 within 15 (Fifteen) day of publication of its standalone and consolidated financial result for the half year and w.e.f. 1<sup>st</sup> April 2023 on the day of publication of its standalone and consolidated financial result for the half year, submit disclosures of related party transactions on a consolidated basis, in the formats specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

## OTHERS

The Committee and the Board shall review and amend this Policy at least once every three years and update it accordingly.

Any exceptions to the Policy should be consistent with the Act and the SEBI LODR Regulations.

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

This Policy will also be uploaded on the website of the Company and a web link thereto shall be provided in the Annual Report.