



POLICY ON MATERIALITY OF RELATED PARTY TRANSACTION POLICY AND DEALING WITH RELATED PARTY TRANSACTION

I. PREAMBLE

The Board of Directors ("**the Board**") of **Gillanders Arbuthnot and Company Limited** (the "**Company**" or "**GACL**"), has adopted the following Policy and procedure in relation to Related Party Transactions ("**RPT**"). The Policy envisages the procedure governing RPT required to be followed by the Company to ensure compliance with the Laws and Regulations.

This policy is framed as per the requirements of Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s) / re-enactment (s) thereof] ("**the Listing Regulations**") and in terms of Section 188 of the Companies Act, 2013 ("**the Act**") and is intended to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company. The Audit Committee will review and may recommend amendment(s) to this policy from time to time.

II. OBJECTIVE/PURPOSE

This policy is intended to ensure the proper approval and reporting of transactions as applicable, between the Company and any of its related party in the best interest of the Company and its Stakeholders.

The Policy and procedures have been designed to achieve due and timely compliance with the statutory requirements governing RPT by ensuring that:

- Related Parties are identified;
- RPT are evaluated;
- Necessary approvals are obtained;
- RPT are recorded; and
- Proper disclosures of the Policy and the RPT are made including disclosure of all transactions in the Annual Financial Statements.

This Policy shall supplement the Company's other policies in force that may be applicable to or involve transactions with related parties. 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.





III. DEFINITIONS

- **"Companies Act, 2013"** means the Companies Act, 2013 read with the Rules framed thereunder [including any modification(s) / amendment(s) / re-enactment(s) thereof].
- **"Associate Company"** according to section 2(6) of the Act, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Note: "Significant Influence" means control of at least 20% of the total voting power or control of or participation of business decisions under an agreement.

- **"Audit Committee or Committee"** means Committee of Board of Directors of the Company constituted under provisions of Regulation 18 of the Regulations and Section 177 of the Act.
- **"Arms 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"** means the Board of Directors of the Company.
- **"Control"** as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.
- **"Key Managerial Personnel"** means Key Managerial Personnel as defined under Section 2(51) of the Companies Act, 2013 and the rules made thereunder.
- **"Policy"** means Related Party Transaction Policy.
- **"Related Party"** means a related party as defined under Section 2(76) of the Companies Act, 2013 or under the applicable accounting standards:

Provided that:

- (a) any person or entity forming a part of the promoter or promoter group of the Company; or
- (b) any person or any entity, holding equity shares of 20% or more [10% or more (with effect from 1st April, 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"** as per the Regulation 2(1)(zc) of the Listing Regulations, means a transaction involving a transfer of resources, services or obligations between a Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand regardless of whether a price is charged or not;

With effect from 1st April, 2023, the approval requirements mentioned hereinabove shall also apply to those transactions undertaken by the Company or any of its subsidiaries on the 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 Company or any of its subsidiaries regardless of whether a price is charged or not.

Further, 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 company 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 recognised stock exchange(s);

- **"Related Party Transaction"** as per Section 188 of the Companies Act, 2013 includes the following:
 - a. sale, purchases or supply of any goods or materials;
 - b. selling or otherwise disposing of, or buying, property of any kind;
 - c. leasing of property of any kind;
 - d. availing or rendering of any services;
 - e. appointment of any agent for purchases or sale of goods, materials, services or property;
 - f. such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company;
 - g. underwriting the subscription of any securities or derivatives thereof, of the company.





- **"Material Modifications"** in relation to a Related Party Transaction(s) already approved by the Audit Committee or a Material Related Party Transaction(s) already approved by the Shareholders, means any modification or variation in such transaction having impact on the total value of such transaction by more than 10% of the limit sanctioned by the Audit Committee or Shareholders, as the case may be.
- **"Material Related Party Transaction"** means a transaction with a related party, where in the value of transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1000 Crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

In case transaction/transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% of annual consolidated turnover of the Company as per its last audited financial statements.

- **"Relative"** as per section 2(77) of the Act, with reference to any person, means any one who is related to another, if –
 - a. they are members of a Hindu Undivided Family;
 - b. they are husband and wife; or
 - c. As prescribed in the Act - A person shall be deemed to be relative of another if he or she is related to another in the following manner named :-
 - (i) Father (including step father)
 - (ii) Mother (including step mother)
 - (iii) Son (including step son)
 - (iv) Son's wife
 - (v) Daughter
 - (vi) Daughter's husband
 - (vii) Brother (including step brother)
 - (viii) Sister (including step sister)
- **"Key Managerial Personnel"** means Key Managerial Personnel in relation to a Company as defined sub-section 51 of Section 2 of the Companies Act, 2013, means and includes:
 - (i) the Chief Executive Officer or the Managing Director or the Manager;
 - (ii) the Company Secretary;
 - (iii) the Whole-Time Director;
 - (iv) the 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; and
 - (vi) such other officer as may be prescribed





IV. POLICY

All RPT must be identified and reported to the Audit Committee for their prior approval and also to Board of Directors and shareholders for their approval, wherever necessary. However, the said transactions shall be disclosed in accordance with the requirements of the Companies Act, 2013 and the Listing Regulations.

1. IDENTIFICATION OF POTENTIAL RPT

Each director and Key Managerial Personnel is required to give notice of disclosure of interest under section 184 and 189 of the Companies Act 2013, along with list of relatives to the Company.

The Company shall ensure that no transaction is entered into with any entity/individual disclosed by the Director/ KMP without requisite approvals.

Further each director, KMP is also responsible for providing notice to the Board or Audit Committee of any potential RPT involving him or her or his or her Relative, including any additional information about the transaction that Board/Audit Committee may reasonably request.

The subsidiaries shall, from time to time, provide to the Company, information of any proposed Related Party Transactions and any Material Modification(s), for the purpose of obtaining requisite approvals from the Company.

The Board/Audit Committee will determine whether the transaction requires compliance with this policy or not.

2. APPROVAL OF RPT

Procedure to be adopted for RPT:

(a) APPROVAL OF AUDIT COMMITTEE

As per the Act, any Related Party Transaction which is not in the ordinary course of business or not at arm's length price shall require prior approval of the Audit Committee and the Board. However, any transactions between the Company and its wholly owned subsidiary(ies), whose accounts are consolidated with the Company and placed before the shareholders at general meeting for approval, may not require prior approval of the Audit Committee .

As per Listing Regulations, all related party transactions and subsequent material modifications shall require prior approval of the Audit Committee.

Provided that, RPT to which a subsidiary of the Company is a party, but the Company is not a party ('Other RPTs'), shall require prior approval of Audit Committee of the Company, if the value of the transaction (whether entered into individually or taken together with previous transactions, during a financial year) exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.





Provided further that, with effect from 1st April, 2023, RPT to which a subsidiary of the Company is a party, but the Company is not a party ('Other RPTs'), shall require prior approval of Audit Committee of the Company, if the value of the transaction (whether entered into individually or taken together with previous transactions, during a financial year) 10% of the annual standalone turnover of the Subsidiary, as per the last audited financial statements of the subsidiary.

Provided that, prior approval of the Audit Committee shall not be required for a Related Party Transaction to which the listed subsidiary of the company is a party but the company is not a party, if Regulation 23 and sub-regulation (2) of Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended are applicable to such listed subsidiary of the company.

For Related party transactions of unlisted subsidiaries of a listed subsidiary of the company as referred to in above, the prior approval of the Audit Committee of the listed subsidiary of the company shall suffice.

Only Independent Directors, who are members of the Audit Committee, shall approve the RPTs. In case such Independent Director is interested in any potential RPT, then he/she shall abstain from voting when such transaction is being considered.

In the event if it is impractical or undesirable to wait until a meeting of the Committee to enter into a Related Party Transaction, such transaction may be approved by the Audit Committee by way of resolution by circulation in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be noted by the Audit Committee at its next meeting.

The Audit Committee may grant omnibus approval for RPT proposed to be entered into by the company subject to the following conditions:

(a) The Audit Committee shall laydown the criteria for granting omnibus approval in line with the policy on RPT of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;

(b) The Audit Committee satisfies itself the need for such omnibus approval and that such approval is in the interest of the Company;

(c) Such omnibus approval shall specify the following: -

- i) Name(s) of the Related Party
- ii) Nature of the transaction
- iii) Period of transaction,
- iv) Maximum amount of transaction that can be entered into,
- v) the indicative base price / current contracted price and the formula for variation in the price, if any, and
- vi) Such other conditions as the Audit Committee may deem fit.





In cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1.00 crore per transaction;

(d) The Audit committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval 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.

(b) APPROVAL OF BOARD OF DIRECTORS

All the RPT under section 188 of the Companies Act 2013 shall be approved by the Board of Directors of the Company. However, any transaction entered into by the company in its ordinary course of business and on an arm's length basis, shall not require approval of the Board.

All the Material RPT and subsequent material modifications, if any as per Listing Regulations shall be approved by the Board of Directors of the Company.

(c) APPROVAL OF SHAREHOLDERS

(1) All material RPT and subsequent material modifications as defined shall be approved by the Shareholders through special resolution and "related parties" as may be required by the Act or by the Listing Regulations (including amendments thereto) in this regard, no related party shall vote to approve such resolutions, whether the entity is a related party to the particular transaction or not.

(2) All RPT which are not in ordinary course of business and at arm's length basis and which are in excess of the limits specified in the Act as described below requires approval of the shareholders in such cases all related parties to the transaction shall abstain from voting:

(a) as contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188, with criteria as mention below-

(i) sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company or Rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;

(ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company or Rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;

(iii) leasing of property any kind amounting to ten percent or more of the net worth of company or ten per cent or more of turnover of the company or Rupees one





hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188;

- (iv) availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company or Rupees fifty crore, whichever is lower as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188;

Explanation.- Limits specified in sub-clause (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- (b) for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding Rupees two and a half lakh as mentioned in clause (f) of sub-section (1) of section 188.

- (c) for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

Explanation.- Turnover or net worth referred in the above sub-rules shall be computed on the basis of the audited financial statement of the preceding financial year.

(3) In case of wholly owned subsidiary, the resolution is passed by the holding company shall be sufficient for the purpose of entering into the transaction between the wholly owned subsidiary and the holding company.

Further as per regulation 23(1A) of SEBI (LODR) Regulations, 2015 as amended 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 5 % percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

3. FACTORS TO BE CONSIDERED WHILE GRANTING APPROVAL TO RPT

The Audit Committee / Board will consider the following factors, among others, to the extent relevant to the RPT while granting its approval:

- 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 transaction qualifies to be a transaction in ordinary course of business and at arm's length.
- 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 terms and size of the transaction, the purpose and timing of the transaction the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction.
- Whether the Related Party transaction accrues long term strategic value, interdependency when no alternative is available and the transactions are beneficial to both the parties.

4. REVIEW & MONITORING OF RPT

The Audit Committee Shall review, at least on a quarterly basis, the details of RPT entered into by the Company pursuant to each of the omnibus approval given. However, such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

To review a RPT, the Audit Committee shall be provided with all relevant material information of the RPT 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 information/material.

The Audit Committee may review and monitor a Related Party Transaction taking into account 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 connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

5. FOLLOWING TRANSACTIONS NOT TO BE CONSIDERED AS RPT

Notwithstanding the foregoing, the following RPT shall not require approval of Audit Committee or Shareholders:

1. 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.
2. 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.
3. Any transaction arising out of Compromises, Arrangements and Amalgamations dealt with under specific provisions of the Companies Act, 1956/ Companies Act, 2013.



4. Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
5. Transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

V. RPT 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 such action as it deems appropriate.

In case, the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as it may deem 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.

VI. REGISTERS

The Company shall keep and maintain a register physically or electronically, as may be decided by the Board of Directors, giving separately the particulars of all contracts or arrangements covered under section 188 of the Companies Act, 2013 and such register is placed before the meeting of the Board of directors and taken note of. Every director or key managerial personnel, shall within a period of thirty days of his appointment, or relinquishment of his office in other Companies as the case may be, disclose to the Company the particulars relating his/her concern or interest in the other association which are required to be included in the register maintained.

VII. SCOPE LIMITATION

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments or rules applicable for the time being in force, the provisions of Companies Act or SEBI LODR or statutory enactments or rules shall prevail over this Policy.

VIII. DISCLOSURES

- a. Details of all material transactions with related parties are to be disclosed quarterly along with the compliance report on corporate governance.





- b. The Company shall disclose the contract or arrangements entered into with the Related Party in the Board Report to the shareholders along with the justification for entering into such contract or arrangement.
- c. The Company shall disclose this policy relating to RPT on its website and web link thereto shall be provided in the Annual Report of the Company

IX. AMENDMENTS

The Board of Directors reserve the rights to amend, suspend, review, modify or rescind this Policy in whole or in part, at any time without assigning any reason whatsoever. The Company has made best efforts to define detailed procedures for implementation of this policy, there may be occasions when certain matters are not addressed or there may be ambiguity in the procedures. Such difficulties or ambiguities will be resolved in line with the broad intent of the policy.

**On behalf of the Board of Directors
For Gillanders Arbuthnot and Company Limited**

Mahesh Sodhani
Managing Director

Date: 12.08.2022
Place: Kolkata

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Annexure – I

A. Information to be provided to the Audit Committee / Board for approval of a proposed RPT:

- a) Name/s of the related party its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- b) Nature of transaction;
- c) Material terms and particulars of the proposed transaction;
- d) Value of the proposed transaction;
- e) Period of transaction;
- f) The percentage of the Company'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);
- g) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company 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. The indicative base price / current contracted price and the formula for variation in the price if any;
- h) Justification as to why the RPT is in the interest of the Company.
- i) A copy of the valuation or other external party report, if any such report has been relied upon.
- j) Such other conditions as the Audit Committee may deem fit.



B. Information to be provided to the Shareholders for approval of a proposed RPT:

The explanatory statement to be annexed to the notice being sent to the shareholders seeking approval for any proposed related party transaction shall include the following information:

- 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) material terms, monetary value and particulars of the contract or arrangements;
- e) summary of the information provided by the management of the Company to the audit committee;
- f) where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the following details to be provided:
 - (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. The indicative base price / current contracted price and the formula for variation in the price if any;
- g) Justification for why the proposed transaction is in the interest of the Company.
- h) 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;
- 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.

