

## **RELATED PARTY TRANSACTIONS POLICY**

### **PREAMBLE**

The Board of Directors of the company has adopted the following Policy and procedure with regard to Related Party Transactions. The policy envisages the procedure governing Related Party Transactions required to be followed by company to ensure compliance with the Law and Regulation. The Audit committee will review the same from time to time and propose the amendment required in the policy to the board of Directors.

### **PURPOSE**

The objective of this policy is to regulate transactions between the Company and its Related Parties in compliance with the requirement of Section 188 of the Companies Act 2013, and clause 49 of Listing Agreement and other laws and regulations applicable to the Company.

### **DEFINITIONS**

“The Act” means the Companies Act, 2013, together with the Rules notified thereunder including any statutory modifications or re-enactments thereof for the time being in force (hereinafter referred to as “Act”).

“Accounting Standards” means the standards of accounting or any addendum thereto for companies or class of companies referred to in Section 133 of the Act.

“Associate Company” 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.

“Policy” means Policy on Related Party Transactions.

“Board” means Board of Directors of the Company.

“Key Managerial Personnel” or “KMP” means:

1. The Managing Director or the Manager;
2. the Chief Executive Officer;
3. Whole Time Director;
4. Company Secretary;
5. Chief Financial Officer; and
6. Such other officer as may be prescribed;

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

An entity shall be considered as “Related Party” to the Company if:

- (i) Such entity is a related party under Section 2(76) of the Companies Act, 2013; or

- (ii) Such entity is a related party under the applicable Accounting Standards issued by the Institute of Chartered Accountants of India; or
- (iii) any person or entity belonging to the promoter or promoter group of the Company and holding 20% or more of shareholding in the Company.

“Related Party”, under Section 2(76) of Companies Act, 2013 with reference to GNA Axles Limited, means—

- i. a director of this Company or his relative;
- ii. a key managerial personnel of this Company 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 of this Company or manager is a director and holds along with his relatives, more than two per cent of that company’s 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 of this Company or manager;
- vii. any person on whose advice, directions or instructions a director of this Company or manager is accustomed to act: Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given by one or more of these persons in a professional capacity;
- viii. any company which is—
  - (a) a holding, subsidiary or an associate company of this Company; or
  - (b) a subsidiary of a holding company to which this Company is also a subsidiary.

Further, as per the Companies (Specification of Definition details) Rules, 2014, a Director or Key Managerial Personnel of the holding company or his relative shall also be deemed to be a related party.

“Related party transaction” under Regulation 23 of the SEBI LODR Regulations means transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

Explanation: A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

“Secretary” means Company Secretary of GNA Axles Limited, who also acts as Secretary of the Audit Committee.

“Relative” as per Section 2(77) of Companies Act, 2013 means, with reference to any person, means anyone who is related to another, if

- 1) Members of a Hindu undivided family;

- 2) Husband or wife;
- 3) Father (including step-father);
- 4) Mother (including step-mother);
- 5) Son (including step-son);
- 6) Son's wife;
- 7) Daughter;
- 8) Daughter's husband;
- 9) Brother (including step-brother); or
- 10) Sister (including step-sister).

“Specified Related Party Transactions”means:

- a) sale, purchase 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 purchase or sale of goods, materials, services or property;
- f) related party's appointment to any office or place of profit (OPP) in the Co., its Subsidiary Co. or Associate Co.; and
- g) underwriting the subscription of any securities or derivatives thereof, 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.

### **RELATED PARTY TRANSACTIONS POLICY:**

The Policy is intended to:

1. List out the related parties and update this from time to time.
2. Study the materiality of Related Party Transactions and also regarding dealing with Related Party Transactions.
3. To seek approvals of the Audit Committee/Board/Shareholders, where necessary.
4. To make the necessary disclosures in the public domain as required under SEBI LODR Regulations.

### **MATERIAL RELATED PARTY TRANSACTION**

“Material Related Party Transaction” means a transaction with a related party if the transaction / transactions to be 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.

## **PROCEDURE**

### **Disclosure by Directors**

Every director shall at the beginning of the financial year provide information by way of written notice to the company regarding his concern or interest in the entity with specific concern to parties which may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this policy. Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this policy.

### **Approval of the Audit Committee:**

All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- 1) transactions are repetitive in nature,
- 2) there is a need for such omnibus approval,
- 3) that such approval is in the interest of the company;
- 4) 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.2.00 crore per transaction.

- 5) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Audit 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

### **Approval of the Board:**

Where approval of Board of Directors is required for any related party transaction or if the Board in any case elects to reviews 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. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

### **Shareholder approval**

In case Board refers a related party transaction for seeking approval of the shareholders as per the Provisions of Companies Act 2013 or otherwise, if any member of company is a related party as per this policy, such member of the company shall not vote on resolution passed for approving such related party transaction.

### **EXCEPTIONS**

Any Specified Related Party Transactions which are in the ordinary course of business of a company and on arm's length basis do not require any Board Approval or Shareholder's Approval. Specified Related Party Transactions which are (1) in the ordinary course of business of a company but are not on arm's length basis; or (2) not in the ordinary course of business of a company (irrespective of whether on arm's length basis or not) shall require prior Board as well as Shareholder's Approval.

### **DISCLOSURES**

If a Company enters into any Specified Related Party Transactions which are not covered by exceptions then such contracts or arrangements shall be referred to in the Board's report to the shareholders along with a justification for entering into such contract or arrangement The Agenda of the Board Meeting at which such Resolution is proposed shall contain relevant Disclosures as required under the Companies Act and SEBI LODR Regulations. Further, the Statement to be annexed to the Notice of a general meeting convened pursuant to Section 101 of the Companies Act, 2013 shall contain the relevant particulars as may be required. Details of all material transaction(s) with Related Parties will be disclosed quarterly to the Stock Exchanges where Company's Shares are listed along with the quarterly Compliance Report on Corporate Governance. The Company shall disclose the Related Party Transaction Policy on dealing with Related Party Transactions on its Website and a web link thereto shall be provided in the Annual Report as per the requirement of SEBI LODR Regulations.