

# **GATEWAY DISTRI PARKS LIMITED**

## **POLICY ON RELATED PARTY TRANSACTIONS**

### **EVOLUTION HISTORY**

Date of Initial Approval/Amendment(s)	April 26, 2022
Date of 2 <sup>nd</sup> Review / approval	February 03, 2025
Approving Authority	Board of Directors

### **INTRODUCTION:**

The Gateway Distriparks Limited's policy on Related Party Transaction is intended to ensure the proper approval and reporting of transactions between the Company and any of its related parties. Further, policy on related party transaction has been formulated in order to comply with the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the Companies Act, 2013 and the rules made thereunder, including any amendments and modifications.

The Policy on related party transactions of the company shall be reviewed by the Board of Directors in every three years and shall be updated accordingly.

### **DEFINITIONS:**

**"Act"** means Companies Act, 2013

**"Arm's length transaction"** means as defined under Companies Act, 2013 as a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.

**"Associate"** means a company as defined under section 2(6) of the Companies Act, 2013, as amended from time to time

**"Audit Committee or Committee"** means "Audit Committee" constituted by the Board of Directors of the Company under the provisions of Listing Regulations and Companies Act, 2013, from time to time.

**"Board or Board of Directors"** means the Board of Directors of Gateway Distriparks Limited, as constituted from time to time.

**"Company"** means Gateway Distriparks Limited.

**"Listing Regulations"** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**“Material Related Party Transaction”** means a transaction(s) with a Related Party shall be considered material 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 10% (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.

Further in case of a transaction(s) 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, exceeds 5% (five percent) of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

**“Material Modification”** means any modification to the existing Related Party Transaction which has the effect of increasing / decreasing the value of original contract.

**“Ordinary course of business” means—** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities but not limited to a term for activities that are necessary, normal, and incidental to the business and includes:

- Sitting fee paid to the Independent Directors;
- The transaction is permitted by the Memorandum and Articles of Association.
- Dividend received from such Joint Venture / Associate/ Subsidiaries Companies.

Such other transactions as the Audit Committee/Board may decide from time to time

**“Related Party”** means a related party as defined under the Companies Act 2013 and the Rules made thereunder and SEBI Listing Regulations, or under the applicable accounting standards as amended from time to time including the followings:

An entity shall be considered as related to the company if:

(I) such entity is a related party under Section 2(76) of the Companies Act, 2013 which are as follows;

(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 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 per cent. of its paidup 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; [Except advice, directions or instructions given in a professional capacity]

(vii) Any person on whose advice, directions or instructions a director or manager is accustomed to act; [Except advice, directions or instructions given in a professional capacity]

(viii) Any company which is a holding, subsidiary or an associate company of such company; or a subsidiary of a holding company to which it is also a subsidiary.

(ix) such other person as may be prescribed.

Provided that: a) any person or entity forming a part of the promoter or promoter group of the listed entity; or

b) any person or any entity, holding equity shares:

of ten per cent or more, with effect from 01 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 immediately preceding financial year, shall deemed to be a related party”.

**“Related Party Transactions”** shall mean such transactions as specified under the Companies Act 2013 and the Rules made thereunder and SEBI Listing Regulations, including any amendment or modification thereof, as may be applicable.

**“Relative”** means a relative as defined under Companies Act 2013 and the Rules made thereunder and SEBI (LODR) Regulations, including any amendment or modification thereof, as may be applicable and includes anyone who is related to another, if –

- i. Members of a Hindu Undivided Family;
- ii. They are husband and wife; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son’s wife
- vii. Daughter
- viii. Daughter’s husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

#### **IDENTIFICATION OF RELATED PARTY AND RELATED PARTY TRANSACTIONS**

The Company Secretary on quarterly basis shall review the Related Party Transactions to ascertain the Omnibus Approval limits. If the limits of the transactions is about to exceed the approval limit, additional approval of transactions, if any shall be placed before the Audit Committee for its approval.

Each director and KMP is responsible for providing a notice to the Company Secretary of any potential RPTs involving him/her or his or her relative, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee and the Board. Such notice should be provided by the director or KMP at the earliest possible occasion that he/she becomes reasonably aware of any potential RPTs involving him/her or his or her relative.

#### **PROCEDURES FOR REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS:**

At each of its meetings, the Audit Committee will be provided with the details of each new, existing or proposed Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, and the benefits to the Company and to the relevant Related Party. In determining whether to approve a Related Party Transaction, the Committee will consider, among other factors, the following factors to the extent relevant to the Related Party Transaction(s):

- ensuring timely the system where transactions entered / proposed to entered are checked whether its exceeds the threshold limits as prescribed under Companies Act, 2013 and Listing Regulations.
- whether the terms of the Related Party Transaction are at arm's length basis to the Company and on the same basis as would apply if the transaction did not involve a Related Party;
- whether there are business reasons for the Company to enter into the Related Party Transaction;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Any member of the Audit Committee who has an interest in the transaction under discussion will abstain from voting.

#### **ASCERTAINMENT OF RELATED PARTY TRANSACTIONS ON ARM'S LENGTH BASIS**

While ascertaining whether any related party transactions are on arm's length basis any or all of the following may be examined:

- (a) Whether the purported transaction between two related parties pursuant to an agreement / memorandum of understanding is in accordance with the directives / approval of the Government.
- (b) Whether the terms of the transaction are in the ordinary course of business
- (c) How the consideration price has been arrived?
- (d) Whether it is comparable with internal and external industry benchmarks.
- (e) Any other relevant documents / information which supports the contention that the transaction is on arm's length basis.

#### **APPROVALS:**

#### **OMNIBUS APPROVAL OF RELATED PARTY TRANSACTIONS**

Audit Committee may grant omnibus approval and such approval shall be applicable in respect of transaction which are repetitive and in nature subject to such criteria / conditions as mentioned under the Act and the Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. The Audit Committee of the Company may also grant omnibus approval for related party transactions proposed to be entered into by its subsidiary as per the following criteria/conditions:

- the Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into;
- the indicative base price / current contracted price and the formula for variation in the price if any;
- such other conditions as the audit committee may deem fit.

Details of all such related party transactions entered pursuant to omnibus approval of the Committee, be placed before the Committee for its review on quarterly basis.

Where the need for related party transactions cannot be foreseen and required details are not available beforehand, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction;

Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approvals for after the expiry of that financial year;

The Company shall not enter into any contract or arrangement with a Related Party without the approval of the Audit Committee.

#### **APPROVAL OF AUDIT COMMITTEE:**

All related party transactions including subsequent material modifications shall require prior approval of the Audit Committee. The Audit committee shall consider the following factors while deliberating the related party transactions for its approval: -

- Name of party and details explaining nature of relationship;
- Nature of transaction and material terms thereof including duration of transaction and the value of transaction, if any;
- the manner of determining the pricing to ascertain whether the same is on arm's length;
- Business rationale for entering into such transaction;

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

Further, only those members of the audit committee, who are independent directors, shall approve related party transactions.

The Audit Committee of the Company may also pre-approve Related Party Transactions, where the Company is not a party, but the Company's subsidiary is a party, if the value of such transaction exceeds the thresholds as prescribed under the Listing Regulations, from time to time.

In the event such contract or arrangement is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of and rules under the Companies Act 2013 and SEBI Listing Regulations, and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.

The Audit Committee determines that the related party transaction is (i) a Material related party transaction or (ii) Transactions are not in the ordinary course of business or (iii) not at the arm's length, the Audit Committee shall place the matter before the board for obtaining its approval and if necessary for shareholders' approval as per the applicable provisions of the Companies Act, 2013 and Listing Regulations.

#### **APPROVAL OF BOARD OF DIRECTORS:**

Any Related Party Transactions that are (i) not in the ordinary course of business, or (ii) not at an arm's length basis shall require the approval of the Board of Directors of the Company.

The Board will *inter alia* consider factors such as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction and any other information the Board may deem important/relevant for taking decision on a proposed transaction.

Any member of the Board who has any potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

#### **APPROVAL OF SHAREHOLDERS:**

All material related party transactions and subsequent material modifications that are not in arm length basis or not in the ordinary course of business and exceeds the threshold limit as prescribed under Companies Act 2013 and SEBI Listing Regulations, as amended from time to time, requires the

approval of shareholders of the Company and no related party shall vote to approve such resolutions, whether the entity is a related party to the particular transaction or not.

**TRANSACTIONS EXEMPT FROM APPROVALS:**

- (i) transactions entered into between two public sector companies;
- (ii) 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.
- (iii) 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.
- (iv) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.
- (v) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.

**RATIFICATION OF RELATED PARTY TRANSACTION:**

Ratification of the duly executed Related Party Transactions shall be done by the members of the Audit Committee or the Board, who are independent directors as per the applicable provisions of the Companies Act, 2013 and Listing Regulations, as amended from time to time. The Audit Committee may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- (i) the value of the ratified transaction(s) whether entered into individually or taken together, shall not exceed rupees one crore;
- (ii) the transaction are not material Related Party Transaction.
- (iii) rationale for inability to seek prior approval be placed before the audit committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of transaction.
- (v) any other condition as specified by the audit committee