



## **GK Energy Limited**

**(Formerly known as GK Energy Private Limited, GK Energy Marketers Private Limited)**

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### **POLICY ON RELATED PARTY TRANSACTIONS**

*Version 1.0 approved and adopted in the meeting of Board of Directors held on 3<sup>rd</sup> December, 2024*



## POLICY ON RELATED PARTY TRANSACTIONS

### 1. PREAMBLE

The Board of Directors (the “**Board**”) of GK Energy Limited (the “**Company**”) has adopted this Policy upon recommendation of the Audit Committee and it includes the materiality threshold and the manner of dealing with Related Party Transactions (“**Policy**”) in compliance with the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”). Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions. It shall be effective from the date of listing of the securities of the Company on Stock Exchanges.

### 2. OBJECTIVE OF THE POLICY

- i) This Policy is intended as follows:
  - a. To ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.
  - b. To ensure high standards of Corporate Governance while dealing with related parties.
- ii) The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

### 3. DEFINITIONS

- i) “**Act**” means the Companies Act, 2013 and the Rules framed thereunder.
- ii) “**Audit Committee**” or “**Committee**” means the Committee of the Board constituted from time to time under the provisions of Regulation 18 of the Listing Regulations and Section 177 of the Act.
- iii) “**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 and such price charged for the transactions to a Related Party has in no case been influenced by the relationship and meets the criteria prescribed in Transfer Pricing

Guidelines prescribed under the Income- tax Act, 1961.

In order to ensure that the transaction is at arm's length, judgement needs to be applied and the following points can be considered for the same:

- a. Transaction is in line with the principles of the Transfer Pricing Guidelines of the Income Tax Act, 1961 (though transfer pricing is not applicable for domestic transactions under the IT Act) Transaction is as per the prevailing pricing policy / market price / same price (or margin) as compared to transactions with unrelated parties.
- b. Transaction is comparable with third party quotations / bids.
- c. Transaction is based on cost sharing agreements (in cases where cost is shared based on benefits derived).
- d. Transaction is at a price in line with the valuation done by an external independent expert.
- iv) **“Board”** means the Board of Directors of the Company as defined under the Act.
- v) **“Key Managerial Personnel”** means Key Managerial Personnel as defined under Section 2(51) of the Act.
- vi) **“Materiality of Related Party Transaction(s)”** Contracts / arrangements with a related party shall be considered as material related party contracts / arrangements if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year under such contracts / arrangements exceed rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statement or such sum or limit as may be prescribed under the Listing Regulations. A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction 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 Company as per the last audited financial statement of the Company.
- vii) **“Material Modifications”** means Material modifications in relation to the Related Party Transaction(s) shall mean any change / variation / modification in an existing related party transaction / contract / arrangement, the financial effect of which is an increase in the per annum value of the relevant related party transaction / contract / arrangement by 10% or rupees fifty crore, whichever is higher.
- viii) **“Related Party”** means a related party as defined under Section 2(76) of the Companies Act, 2013 and sub regulation 2(zb) of the SEBI (LODR) Regulations, 2015 or under the applicable accounting standards. Provided that any person or entity belonging to the promoter or promoter group of the Company and holding 20% or more of shareholding in the Company shall be deemed to be a related party. As per Rule 3 of Companies (Specification of Definitions Details) Rules, 2014- A Director (other than Independent Director)

or Key Managerial Personnel of the holding company or his relative with reference to a Company, shall be deemed to be related party.

- ix) **“Related Party Transaction”** as per 2(zc) of Listing Regulations means a transaction involving a transfer of resources, services or obligations between:
  - (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
  - (ii) a listed entity or any of its subsidiaries on 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 listed entity or any of its subsidiaries, with effect from April 1, 2023; regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract and includes following related party transactions as per the section 188 of the Companies Act, 2013
    - 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 the purchase 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; The above is an indicative list and not an exhaustive one.
- x) **“Relative”** means a relative as defined under Section 2(77) the Act.
- xi) **“Transactions”** with a related party shall be construed to include a single transaction or a group of transactions in a contract.  
Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations including amendments thereof, Indian Accounting Standards (IND AS); and or any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

#### 4. POLICY

- i) The Audit Committee shall review and approve all Related Party Transactions based on this Policy.
- ii) All proposed Related Party Transactions must be reported to the Audit Committee for its prior approval in accordance with this Policy. In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre –approval/

omnibus approval, details whereof are given in a separate section of this Policy. In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy and applicable laws.

**iii) Identification Of Related Parties**

- a) The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI Regulations.
- b) Each director and Key Managerial Personnel has the responsibility of providing notice to the Board or Audit Committee of any potential Related Party Transaction involving such Director or KMP or his or her Relative. He must also share any additional information about the transaction that the Board/Audit Committee may reasonably require. It shall be the duty of the Board or the Audit Committee to determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy. The Company insists that such notice of any potential Related Party Transaction shall be issued within 7 days of such Director/ KMP receiving the knowledge of such Transaction. This will ensure that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.
- c) Every Director and Key Managerial Personnel will be responsible for providing details consisting of their directorship along with the shareholding and list of relative to the Company Secretary on an annual basis.
- d) Every Director and Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes.

**iv) Review and approval of related party transaction**

All Related Party Transactions and subsequent Material Modifications thereto, shall be subject to the prior approval of the Audit Committee, or the Board of Directors or the Shareholders of the Company, as the case may be, as required under and subject to the Act and the Listing Regulations provided that only those members of the Audit Committee, who are independent directors, shall approve related party transaction. A member of the Committee who (if) has a potential interest in any Related Party Transaction will abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such transaction is considered.

**CONSIDERATION BY THE COMMITTEE IN APPROVING THE PROPOSED TRANSACTIONS:**

- a) While considering any transaction, the Committee shall take into account all relevant facts and circumstances 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 matters. Prior to the approval, the Committee shall, inter-alia, consider the following factors to the extent relevant to the transaction:

- i. 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;
- ii. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- iii. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- iv. Whether the Related Party Transaction would affect the independence or present a 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, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, 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 Committee deems relevant.

b) While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies/ short term commercial decisions to improve/sustain market share, changing market dynamics, local competitive scenario, economic/regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

## APPROVAL OF THE AUDIT COMMITTEE

- a) All transactions to be entered with Related Parties shall be entered into only after prior approval of Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances set out below.
- b) The Audit Committee shall, after obtaining approval of the Board, specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following namely:
  - (i) Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
  - (ii) The maximum value per transaction which can be allowed;
  - (iii) Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
  - (iv) Review, at such intervals as the Audit Committee may deem fit, of Related Party Transaction entered into by the Company pursuant to each omnibus approval made; and

(v) Transactions which cannot be subject to the omnibus approval by the Audit Committee.

c) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-

- repetitiveness of the transactions (in past or in future); and
- justification for the need of omnibus approval.

Provided that where the need for Related Party Transactions cannot be foreseen and details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees 1 crore per transaction.

d) The omnibus approval shall provide details of (a) the name/s of the Related Party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into; (b) basis of arriving at the indicative base price / current contracted price and the formula for variation in the price if any; and (c) such other conditions as the Audit Committee may deem fit.

e) The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of Related Party Transactions transacted into by the Company pursuant to the omnibus approval given.

f) The omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.

g) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

### **APPROVAL OF THE BOARD**

All Transactions which are not in the Ordinary course of business or that qualify as an Arm's Length Transaction will be put up for prior approval of the Board.

### **APPROVAL OF THE SHAREHOLDERS**

In case the Company has a paid-up share capital exceeding the amount as may be prescribed or the value of the specified transaction exceeds the prescribed thresholds under the Companies Act read with applicable rules, it will be also be put up for prior approval of the shareholders in accordance with the requirements under the Companies Act. All material related party transactions shall require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that approval of the shareholder shall not be required in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Related Party Transactions of unlisted subsidiaries of the Company, where the prior approval of the shareholders of the listed subsidiary is obtained.

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Provided further that approval of the shareholders shall not be required for 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 Provided further that transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

#### **RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED**

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy

#### **5. DISCLOSURE AND REPORTING**

- a) Details of the Related Party Transactions during the quarter shall be disclosed in the Audit Committee and Board meeting.
- b) The Company shall disclose to the stock exchange along with the compliance report on corporate governance on a quarterly basis detail of all transactions with Related Parties exceeding the materiality threshold.
- c) The Company shall submit every six months on the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.
- d) Director's report shall contain details of Related Party Transactions as required under the Companies Act.

Any other disclosures as required under the Laws shall be made in its Annual Return, Boards' Report and at such other places and to the Stock Exchanges on which equity shares of the Company are listed and such other authority as may be prescribed under the Laws.

#### **6. LIMITATION**

In the event of any conflict between the provisions of this Policy and Listing Regulations /Companies Act, 2013 or any other statutory enactments such Listing Regulations /Companies Act, 2013 or any other statutory enactments shall prevail over this Policy.

#### **7. DISSEMINATION OF POLICY**

This Policy or the important provisions of this policy shall be disseminated to all concerned departments/ persons of the Company and shall be hosted on the website of the Company and web link thereto shall be provided in the annual report of the Company.



## **8. REVIEW OF THE POLICY**

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically and appropriate recommendations shall be made to the Board to update

the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise. The policy shall be reviewed by the board of directors at least once every three years including clearly specifying threshold limits and updated accordingly.

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