

## **Gorani Industries Policy on Related Party Transactions**

### **1. Preamble**

Gorani Industries Limited (“the Company”) has always been committed to good corporate governance practices. As a matter of practice, the Company follows arm’s length basis in transacting business with its related parties which are in the ordinary course of business. The said Policy includes the manner of dealing with Related Party Transactions (“the Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 and Rules thereunder and Clause 49 of the Equity Listing Agreement with the Stock Exchange. Amendments, from time to time, to the Policy, if any, shall be considered by the Board of Directors based on the recommendations of the Audit Committee. This Policy applies to transactions between the Company and one or more of its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

### **2. Objective of the policy**

The objective of this Policy is to set out the manner of dealing with the transactions between the Company and its related parties based on the Act, Clause 49 of the Listing Agreement and any other laws and regulations as may be applicable to the Company.

### **3. Definitions**

- i. “Act” means Companies Act, 2013 and the Rules framed there under, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- ii. “Arm’s Length basis” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determining Arm’s Length basis, guidance may be taken from the transfer pricing provisions under the Income-tax Act, 1961.
- iii. “Audit Committee” means committee of Board of Directors of the Company.
- iv. “Board of Directors” or “Board” means the Board of Directors of the Company.
- v. “Company” means Gorani Industries Limited.
- vi. “Key Managerial Personnel” means the Key Managerial Personnel of the Company in terms of the Act.
- vii. “Listing Agreement” means Equity Listing Agreement of the Company with the stock exchange.
- viii. “Material Related Party Transaction” means a Related party transaction which individually or taken together with previous transactions during a financial year, exceeds ten percent of annual consolidated turnover as per the last audited financial statements of the company.
- ix. “Policy” means the current Policy on Related Party Transactions, including amendments, if any, from time to time.
- x. “Related Party” means a related party as defined under the Act read with Clause 49 of the Listing Agreement and as amended from time to time.
- xi. “Related Party Transaction” means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged.

- xii. “Relative” means a relative as defined under the Act.
- xiii. “Transaction” with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

#### **4. Policy**

All Related Party Transactions must be reported to the Audit Committee and approved or referred for approval by the Audit Committee based on this Policy.

- i. Identification of potential Related Party Transactions.
- ii. Key Managerial Personnel and connected Related Parties : Each Director and Key Managerial Personnel shall at the beginning of financial year disclose to the Company Secretary of the Company their Related Parties and disclose any changes thereto during the financial year as immediately as practicable.
- iii. The Company will identify the potential transactions with the Related Parties.

#### **5. Review and approval of Related Party Transactions**

##### **Audit Committee:**

- i. Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolutions by circulation.  
Any member of the Audit Committee who has a potential conflict of interest in any Related Party Transaction will not remain present at the meeting or shall abstain from discussion and voting on the approval of such Related Party Transaction and shall not be counted in determining the presence of quorum when such Transaction is considered. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed which are repetitive in nature and are in the ordinary course of business and satisfy the Arm’s length basis subject to compliance of conditions contained in the listing agreement.
- ii. To review a Related Party Transaction, the Audit Committee shall be provided with necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions and/or prescribed under the Act and the Listing Agreement. While considering any Related Party Transaction, the Audit Committee shall take into account all relevant facts and circumstances, including the terms and business purpose of such Transaction, the benefits to the Company and to the Related Party, whether such Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction and any other relevant matters.

#### **6. Board of Directors:**

If the Audit Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and the considerations set forth shall apply to the review and approval of the matter by the Board of Directors, with such modifications as may be necessary or appropriate under the circumstances. Any member of the Board who has a potential conflict of interest in any Related Party

Transaction will not remain present at the meeting or shall abstain from discussion and voting on the approval of such Related Party Transaction and shall not be counted in determining the presence of quorum when such transaction is considered.

## **7. Shareholders**

All the Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolutions. All the transactions with the Related Parties which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders through special resolution if so required under any law and the Related Party/ies with whom transaction is to be entered into shall abstain from voting on such resolution.

## **8. Transactions which do not require approval**

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:

- a) Any transaction involving the providing of compensation to a director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- b) 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.

## **9. 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 Audit Committee or Board of Directors or the Shareholders as may be required in accordance with this Policy for review and ratification. The Audit Committee or the Board of Directors or the Shareholders shall consider all relevant facts and circumstances of such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision or termination of such transaction and the Company shall take such actions as the Audit Committee deems appropriate under the circumstances.

## **10. Disclosures**

- Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.
- The company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.
- This Policy will be communicated to all operational employees and other concerned persons of the Company.

## **11. Amendment in law**

Any subsequent amendment/ modification in the Listing Agreement and/or applicable laws in this regard shall automatically apply to this Policy.

**Disclaimer:** This policy has been framed in accordance with requirement of Clause 49 (VII) (C) of the Listing Agreement. This may not cover transactions which are required to be deal as per AccountingStandard-18.