

# **GOLDCREST CORPORATION LIMITED**

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## *RELATED PARTY TRANSACTION POLICY*

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**GOLDCREST CORPORATION LIMITED**

**REVISED POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND MANNER OF DEALING WITH  
RELATED PARTY TRANSACTIONS**

**(Effective from 1<sup>st</sup> April, 2019)**

**Scope of the policy**

The Board of Directors (the "**Board**") of Goldcrest Corporation Ltd. (the "**Company**") has adopted this policy and procedures with regard to Related Party Transactions ("**Related Party Transaction Policy**"), in line with the requirements of Section 188 of the Companies Act, 2013 read with Rules made thereunder (hereinafter referred to as "**the Act**") and **Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 ("SEBI (LODR), 2015")** and subsequent amendments thereto (hereinafter referred to as "**Regulation 23**").

**1. OBJECTIVE**

The Company understands that related party transactions entered into by the Company can present potential or actual conflict of interest and may raise questions about whether such transactions are consistent with the Company's and its shareholders' best interests. Therefore, this Related Party Transaction Policy, as required by the Act and Regulation 23 of SEBI (LODR), 2015 is laid down to express the policy of the Company on dealing with related party transactions.

This Policy may be amended at any time by the Board of the Company and is subject to:

- a) Further guidance from SEBI or amendments to or re-enactment of **SEBI (LODR), 2015**;
- b) Consequential actions taken by the Board or the Audit Committee of the Company.

**2. APPLICABILITY**

The Related Party Transaction Policy will be applicable to the Company with respect to all Related Party Transactions covered within the scope of Section 188 of the Act and / or Regulation 23 of SEBI (LODR), 2015.

### 3. DEFINITIONS

All terms and words used in this policy and not defined hereunder shall have the meaning as prescribed to them under the Act and the rules made thereunder or under Regulation 23 of SEBI (LODR), 2015, amended from time to time.

**“Audit Committee”** means a Committee of the Board of Directors of the Company constituted under the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR), 2015;

**“Board of Directors” or “Board”** in relation to a Company, means the Collective Body of the Directors of the Company;

**As per Companies Act, 2013, “Related Party” with reference to a Company includes-**

- i. a director (other than independent directors) of the Company or his/her relative;
- ii. key managerial personnel or his/her relative;
- iii. a firm, in which a director, manager or his/her relative is a partner;
- iv. a private company in which a director or manager or his/her relative is a member or director;
- v. a public company in which a director or manager is a director and holds along with his/her relatives, more than two per cent. of its paid-up share capital;
- vi. any body 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;
- vii. any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

viii. any body corporate which is—

- a holding, subsidiary or an associate company of such company;
- a subsidiary of a holding company to which it is also a subsidiary; or
- an investing company or the venture of the company.

Explanation — For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

**As per Companies Act, 2013; “Related Party Transaction”** means, specified transaction/(s) mentioned in clause (a) to (g) of sub-section 1 of section 188 of the Act;

**“Key Managerial Personnel”** in relation to a Company, means:

- 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 as may be prescribed under the Companies Act, 2013.

**“Material Related Party Transaction”** is a transaction with a Related Party as per SEBI (LODR), 2015 which shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10 (ten) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Notwithstanding the above, 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 two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

**“Related Party as per SEBI (LODR), 2015”**, with reference to the Company, shall include CA Related Party, an entity that is a related party under the applicable accounting standards and any person or entity belonging to the promoter or promoter group of the Company and holding 20% or more of the shareholding in the Company shall be deemed to be a related party.”

**“Related Party Transaction as per SEBI (LODR), 2015”**, shall have the meaning as defined under Regulation 2(1)(zc) of the SEBI (LODR), 2015 and means transfer of resources, services or obligations between the Company and a related party, 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.

**“Related Party Transaction”** includes CA Related Party Transaction and Related Party Transaction as per SEBI (LODR), 2015.

**“Relative”** with reference to any person shall have the meaning as defined in Section 2(77) of the Companies Act, 2013 read with clause 4 of The Companies (Specification of definition details) Rules, 2014.

**“Turnover”** means the gross amount of revenue recognised in the profit and loss account from the sale, supply, or distribution of goods or on account of services rendered, or both, by a company during a financial year.

#### **4. EFFECTIVE DATE / TRANSITION PERIOD:**

This revised version of the Policy is effective from 1<sup>st</sup> April 2019.

#### **5. PROCEDURE:**

##### **5.1 IDENTIFICATION OF RELATED PARTIES**

Every director or key managerial personnel (KMP) shall, at the time of his/her appointment, disclose to the Company the following (“the disclosures”):

1. Details of his/her relatives.
2. Details of Firms in which either he/she or any of his/her relatives is a partner.
3. Details of Private Companies in which he/she or any of his/her relatives is a member or director.
4. Details of Public Companies in which he/she is a director and holds either himself/herself or together with his/her relatives more than two percent of the paid up capital of such Company.
5. Details of body Corporate whose board of directors or managing director or manager is accustomed to act in accordance with his/her advice, direction or instruction (other than advice, direction or instruction given in a professional capacity).
6. Details of any person on whose directions, instructions or advice he/she is accustomed to act (other than advice, direction or instruction given in a professional capacity).
7. Details of entities/body corporates of which he/she is owner or promoter or KMP or has control over such entity.
8. Details of body corporates in which he/she holds either himself/herself or together with other directors of such body corporate holds more than two percent of the paid up capital of such Company.

Every director or KMP shall, at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, make revised disclosures.

## **5.2 APPROVAL OF RELATED PARTIES**

### **Prior approval of Audit Committee**

All related party transactions shall require the approval of the Audit Committee and the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the Company.

The Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company.

- a. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction/(s), period of transaction/(s), maximum amount of transaction/(s) 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/(s) 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.1 crore per transaction.

- b. Details of Related Party Transactions entered into pursuant to omnibus approval, shall be reviewed by Audit Committee on quarterly basis.
- c. Omnibus approval shall be valid only upto 1 (one) year and shall require fresh approval after expiry of one year.
- d. If a Related Party Transaction is a Material Related Party transactions as per Regulation 23, it shall require shareholder's approval through resolution and the all entities falling under the definition of related parties shall not vote to approve such resolutions irrespective whether the entity is a party to the particular transaction or not.
- e. Any member of the Audit Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction/(s).

### **Prior approval of Board of Directors under Companies Act 2013**

All CA 2013 Related Party Transactions which are not on arms-length basis or are not in the ordinary course of business shall require prior approval of the Board of Directors ("Board") of the Company. Further, at the time when business for approval of any CA 2013 Related Party Transaction is being discussed in the Board Meeting, the Director interested shall not remain present during such discussion.

Provided however that when the quantum of such CA 2013 Related Party Transactions is above the threshold prescribed under section 188 of the Companies Act, 2013 for the respective CA 2013 Related Party Transactions, prior approval by way of ordinary resolution of the members shall be required and the related parties shall not vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

### **Shareholders' approval requirements**

Shareholders' approval shall be sought in the following cases as per the requirements of Companies Act 2013:

CA Related Party Transactions with the CA Related Parties; which are either not in the 'Ordinary Course of Business' or are not on an 'Arm's Length Basis' and exceeds the threshold under section 188 of the Companies Act 2013 shall require prior approval of the shareholders through ordinary resolution.

If a Related Party Transaction is a Material Related Party Transactions as per Regulation 23, it shall require shareholder's approval through resolution and no related parties shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

### **5.3 DEALING WITH RELATED PARTY TRANSACTIONS**

In dealing with a Regulation 23 SEBI(LODR), 2015 Related Party Transaction, the Audit Committee/Board, shall ensure that the proposed transaction/contract/arrangement is neither prejudicial to nor in conflict with the interest of the Company and its shareholders in any manner whatsoever.

The Audit Committee shall (except in the case of permitted omnibus approvals) review the following information when assessing a Related Party Transaction:

- (a) the name of the related party and nature of relationship;
- (b) the nature, duration of the contract and particulars of the contract or arrangement;
- (c) the material terms of the contract or arrangement including the value, if any;
- (d) The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- (e) Whether all factors relevant to the contract have been considered; and
- (f) any other information relevant or important for the Audit Committee/Board to take a decision on the proposed transaction.

#### **5.4 EXCEPTION**

Notwithstanding the foregoing, the following CA 2013 Related Party Transactions (only if they are not Material Related Party Transactions) shall not require approval of Board or the Shareholders:

- Any transaction that involves the providing of remuneration to a Director or KMP which he is entitled as Director or KMP, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise as per the policies of the Company.
- 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 as the Related Party.

#### **5.5 RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

In the event the Company becomes aware of a Related Party Transaction that has not been approved in accordance with this Related Party Transaction Policy prior to the consummation of such transaction, the matter shall be reviewed by the Audit Committee.

Audit 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.

Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee under this Related Party Transaction Policy and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including but not limited to immediate discontinuation or rescission of the transaction/contract/arrangement. In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Related Party Transaction Policy.

#### **6. THRESHOLD LIMITS AND EXPOSURE LIMITS**

| <b>Type of Related Party Transaction</b> | <b>Materiality threshold as per Act for shareholders' approval requirement</b>                 | <b>Materiality threshold as per SEBI (LODR), 2015 for shareholders' approval requirement</b>                            | <b>Maximum Exposure limit (for each Related party) upto which Audit Committee may grant Omnibus approval</b> | <b>Maximum aggregate Exposure limit (for all Related parties together) upto which Audit Committee may grant Omnibus approval</b> |
|--|--|---|--|--|
| Sale /Supply of any goods or materials   | Amounting to 10% or more of the Turnover of the Company or Rs. 100 crores, whichever is lower. | 10% of the annual consolidated turnover of the Company as per last audited financial statements of the Company, for the | 5% of the Turnover or Rs. 50 crores whichever is lower as per latest audited financial statements.           | 10% of the Turnover or Rs. 100 crores whichever is lower as per latest audited financial statements.                             |
| Purchase of any goods or materials       | Amounting to 10% or more of the Turnover of the Company or                                     | transaction(s) to be entered into individually or   | 5% of the Turnover or Rs. 50 crores whichever is lower   | 10% of the Turnover or Rs. 100 crores  |

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|  | Rs. 100 crores, whichever is lower.   | taken together with previous transaction during a financial year. | as per latest audited financial statements.  | whichever is lower as per latest audited financial statements.  |
| Selling or otherwise disposing of, or buying, property of any kind | Amounting to 10% or more of the net worth of the Company or Rs. 100 crores, whichever is lower.   |   | Upto value of 5% of the net worth of the Company or Rs. 50 Crores, whichever is lower as per latest audited financial statements.                                  | Upto value of 10% of the net worth of the Company or Rs. 100 Crores, whichever is lower as per latest audited financial statements.                                   |
| Leasing of property of any kind                                    | Amounting to 10% or more of the net worth of the Company or 10% or more of Turnover of the Company or Rs. 100 crores, whichever is lower. |   | Upto value of 5% of the net worth of the Company or 5% of Turnover of the Company or Rs. 50 Crores, whichever is lower as per latest audited financial statements. | Upto value of 10% of the net worth of the Company or 10% of Turnover of the Company or Rs. 100 Crores, whichever is lower as per latest audited financial statements. |
| Availing of any services   | Amounting to 10% or more of the Turnover of the Company or Rs. 50 crores, whichever is lower.   |   | 5% of the Turnover or Rs. 25 crores whichever is lower as per latest audited financial statements.   | 10% of the Turnover or Rs. 50 crores whichever is lower as per latest audited financial statements.   |
| Rendering of any services  | Amounting to 10% or more of the Turnover  |   | 5% of the Turnover or Rs. 25 crores  | 10% of the Turnover or Rs. 50   |
|  |   |   |  |   |

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|   | of the Company or Rs. 50 crores, whichever is lower.  |  | whichever is lower as per latest audited financial statements.                                     | crores whichever is lower as per latest audited financial statements.                               |
| Appointment of any agent for purchase/sale of goods, materials, services or property  | Amounting to 10% or more of the Turnover of the Company or Rs. 50 crores, whichever is lower. |  | 5% of the Turnover or Rs. 25 crores whichever is lower as per latest audited financial statements. | 10% of the Turnover or Rs. 50 crores whichever is lower as per latest audited financial statements. |
| Appointment of any Related party to any office or place of profit in the Company, its subsidiary company or associate company | Monthly remuneration exceeding Rs. 2,50,000/-.  |  | Upto Rs. 2,50,000/- per annum  | N.A.  |
| Investments   | <u>N.A.</u>   |  | Upto 20% of the net worth as per latest audited financial statements.                              | Upto 50% of the net worth as per latest audited financial statements.                               |
| Loans given and taken   | <u>N.A.</u>   |  | Upto 20% of the net worth as per latest audited financial statements.                              | Upto 50% of the net worth as per latest audited financial statements.                               |

**The turnover or net worth referred to above shall be computed on the basis of the audited financial statement of the preceding financial year.**

**7. DISCLOSURE OF THIS POLICY**

The Company shall disclose this policy on its website at [www.goldcrestgroup.com](http://www.goldcrestgroup.com) and a web link thereto shall be provided in the Annual Report of the Company.

**8. NON-COMPLIANCE**

- a. Non-compliance may lead to invocation of punitive provisions under the Companies Act, 2013.
- b. Such a Contract shall be voidable at the discretion of the Board.
- c. The Company may proceed against the concerned Director/ employee and recover the loss sustained as a result of such transaction.