



GOA CARBON LIMITED
CIN L23109GA1967PLC000076

RELATED PARTY TRANSACTION POLICY
(Effective from January 18, 2020)

1. Preamble:

The Board of Directors (the "Board") of Goa Carbon Limited (the "Company" or "GCL"), has adopted the following policy and procedures with regard to the Related Party Transactions as defined below. This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company.

2. Purpose:

This policy is framed as per requirement of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"] and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements, transactions between the Company and Related Parties as well as policy concerning the transactions with Related Parties.

3. Definitions:

"Act" means Companies Act, 2013 including any statutory modification or re-enactment thereof.

"Audit Committee or Committee" means the Audit Committee constituted by the Board of Directors of the Company under provisions of Companies Act, 2013 (the "Act") and Listing Regulations.

"Board" means Board of Directors of the Company

"Material Related Party Transaction" means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the following thresholds:

- a) In case of transactions involving payments made to a related party with respect to brand usage or royalty, if it exceed 5% of the annual consolidated turnover of the GCL as per the last audited financial statements of GCL;
- b) In all other cases, if it exceeds 10% of the annual consolidated turnover of the GCL as per the last audited financial statements of GCL.

"Related Party" with reference to the Company, means:

- a) a related party as defined under section 2(76) of the Act; or
- b) a related party under the applicable accounting standards:



Provided that any person or entity belonging to the promoter or promoter group of the GCL and holding 20% or more of shareholding in the GCL shall be deemed to be a related party.

“Related Party Transaction” or “RPT” means a transaction between the Company and a related party which is of the nature specified in sub-clause (a) to (g) of section 188(1) of the Act, or is a related party transaction under Regulation 2(1)(zc) of the Listing Regulations.”

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

“Relative” means relative as defined under the Companies Act, 2013 and includes any one who is related to another, if –

- i. They are 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)

“Listing Regulations” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

All other words and expressions used but not defined in this policy, but defined in the Act, the Listing Regulations, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

4. Transactions between GCL and Related Parties and Materiality Threshold

The transactions between GCL & Related Parties shall be entered into in such a manner that is compliant with the applicable provision of the Act and Regulation 23 of the Listing Regulations.

As per Regulation 23(1) of the Listing Regulations, the listed entity shall formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors. Accordingly, Board has prescribed the below materiality thresholds for related party transactions beyond which approval of the shareholders through resolution shall be required.

- a. Any transaction with a related party, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the GCL as per the last audited financial statements of the GCL.



- b. 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 5% of the annual consolidated turnover of the GCL as per the last audited financial statements of the GCL.

5. Policy:

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

6. Identification of Potential Related Party Transactions:

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

7. Process for Approval of Related Party Transactions:

A. Approval of the Audit Committee of the Board of the Company

1. All Related Party Transactions shall require prior approval of Audit Committee of the Board. 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:
 - a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
 - b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
 - c. 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;
 - d. 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.1 crore per transaction.
 - e. Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.



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

B. Approval of the Board of the Company

- a. As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said section and which are not in the ordinary course of business or not at arm's length basis or both, are to be placed before the Board for its approval.
- b. In addition to the above, the following kinds of transactions with related parties are also to be placed before the Board for its approval:
- RPTs in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
 - RPTs which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.

RPTs which are intended to be placed before the shareholders for approval.

C. Approval of the Shareholders of the Company

- a. All Material RPTs shall be placed before the shareholders for approval and no related party shall vote to approve on such resolution whether the entity is related party to the particular transaction or not.
- b. All RPTs pursuant to section 188 of the Act which are not in the ordinary course of business and / or not an Arms' length basis and which crosses the threshold limits prescribed under the Act and rules made thereunder, shall also require the approval of shareholders of the Company.

D. RPTs that do not require approval of Audit Committee, Board of Directors and the Shareholders

- a. As per Listing Regulations, prior approval of the Audit Committee for all RPTs and approval of shareholders for Material RPTs would not be required for RPT entered by the GCL with its Wholly Owned Subsidiaries, whose accounts are consolidated with the accounts of GCL and placed before the shareholders of GCL at the general meeting for approval.
- b. As per Listing Regulations, approval of shareholders would not be required for Material RPTs in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code 2016, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- c. As per the Act, prior approval of the Audit Committee for all RPTs other than transactions referred to in section 188 of the Act would not be required; and approval of Shareholders would not be required for RPTs referred to in section 188 of the Act which are not in the ordinary course of business and / or not on Arms' length basis and which crosses the threshold limits prescribed under the Act and rules made thereunder, entered by the GCL with its Wholly Owned Subsidiaries, whose accounts are consolidated with the accounts of GCL and placed before the shareholders of GCL at the general meeting for approval.



8. Disclosures:

- (a) The Company is required to disclose Related Party Transactions in the Company's Board's Report to shareholders of the Company at the Annual General Meeting.
- (b) Details of all Material Related Party Transactions shall be disclosed quarterly along with Company's Compliance Report on Corporate Governance, in accordance with the Listing Regulations.
- (c) The Company is also required to disclose this Policy on its website and a web-link thereto shall be provided in the Annual Report.
- (d) The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party.

9. Amendment:

The RPT policy will be reviewed, approved and amended from time to time, at least every 3 years.

Note:

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

10 Applicability

The above amended policy will be applicable to GCL with effect from January 18, 2020.