RELATED PARTY TRANSACTIONS (RPT) POLICY

PREAMBLE

The Company is committed to uphold the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that Related Party Transactions (RPT) can present a risk of actual or apparent conflicts of interest of the Directors, Senior Management etc. with the interest of the Company.

The Board of Directors (the "Board") of G.S. Auto International Limited (the "Company") adopts the following policy and procedures with regard to Related Party Transactions (RPTs) as defined below in compliance with the requirements of Section 188 of the Companies Act 2013 (the "Act") and Rules made there under including any subsequent amendments thereto read with Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) (hereinafter referred to as "Listing Regulations") in order to ensure the transparency and procedural fairness of such transactions.

OBJECTIVE

This policy is intended to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders. This policy is designed to deal with identification of the Related Parties, materiality threshold for related party transactions and the manner of dealing with the transactions with Related Parties by the Company keeping in view the provisions of the Act and Listing Regulations.

KEY DEFINITIONS:

"Related Party" will have the same meaning as defined under Section 2 (76) of the Act or under the applicable Accounting Standards, along with the widened aspect of such definition as mentioned below will be regarded as a related party:-

1) All persons or entity belonging to the promoter or promoter group will be regarded as related party, irrespective of its shareholding in the entity; or
2) Any person or any entity, holding equity shares of twenty per cent (20%) or more; or
3) Any person or any entity, holding equity shares of ten per cent (10%) or more, with effect from April 1, 2023; in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year.

"Related Party Transaction" means;

1) for the purpose of the Act, specific transactions mentioned in clause (a) to (g) of subsection 1 of Section 188;
2) for the purpose of Listing Regulations, transfer of resources, services or obligations between a listed entity & Related Party, regardless of whether price is charged and a transaction with the related party shall be construed to include a single transaction or a group of transaction in a Contract.

3) Definition of **RPT** shall cover the following combination of transactions:

   (i) The Company and Related Party of the Company (w.e.f. April 1,2022);
   (ii) The Company and any other person /entity, purpose and effect of which is to benefit a Related Party of the Company (w.e.f. April 1, 2023);

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

1) Rs. 1000 crores; or
2) 10% of annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower;

- With respect to a transaction involving payments made to a related party with respect to brand usage or royalty; 5% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

✓ Audit Committee has defined "**material modifications**" as following:

"**Material modifications on Related Party Transactions"** means any variation(s) on Cumulative basis in the terms or value of Original approved contract by Rs. 1 Crore or more than 20% of Overall contract Value."

"Relative" in relation to the related party shall have the same meaning as defined in Section 2(77) of the Companies Act, 2013 read with Rule 4 of The Companies (Specification of definition details) Rules, 2014.

Any other term not specifically defined hereinabove shall have the same meaning as defined under the Act, the Listing Regulations, the Listing Agreement, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

IDENTIFICATION OF RELATED PARTIES

The Company has devised a proper mechanism for the identification and updating the list of related parties. Each director and Key Managerial Personal is responsible for providing relevant disclosures to the Board or Audit Committee relating to the concern or interest in any company/companiesor bodies corporate, firms or the other association of individuals which shall include shareholding. Such notice shall be provided to the company at the time of appointment and also at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made.

MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

Review and approval of Audit Committee

In terms of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, prior approval of the Audit Committee is required for entering into transactions with related parties, which only members of the audit committee, who are independent directors, shall approve. Any member of the Committee who is in any way concerned or interested in any Related Party Transaction, shall remain abstain from discussion and voting on any such resolution. Further on regular basis the transactions entered by the Company with the related parties which are in the ordinary course of business and on Arm's Length basis shall be reviewed by the Committee on quarterly basis and then recommended to the Board for its approval.

The members of the Audit Committee, who are independent directors, may ratify the related party transactions within 3 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) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;

(ii) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;

(iii) rationale for inability to seek prior approval for the transaction shall 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 related party transactions in terms of the provisions of sub-regulation (9) of this regulation;

(v) any other condition(s) as specified by the audit committee.

However, the Audit Committee may grant omnibus approval in case of repetitive transactions with related parties, which are in the normal/ordinary course of business of the Company. While granting such approval the Audit Committee shall satisfy itself regarding the need for the omnibus approval and that same is in the interest of the Company.

Such omnibus approval shall specify the following:

a. Name of the related party
b. Nature of the transaction
c. Period of the transaction
d. Maximum amount of the transactions that can be entered into;
e. Indicative Base Price / Current Contracted Price and the Formula for Variation in the Price, if any;
f. Such other conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transactions 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.

The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Remuneration and Sitting Fees paid by Company, to its directors, key managerial personnel or senior management, except who is part of promoter or promoter group that are immaterial, in terms of the provisions of Regulation 23 of the Listing Regulations, shall not require approval of Audit Committee.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee.

Further, where the need of the RPT cannot before seen and the aforesaid details are not available, the Audit Committee may grant omnibus approval subject to the limits as envisaged in the Listing Regulation, from time to time. Further, the Committee shall on quarterly basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

Enhanced disclosure proposed by SEBI to be disclosed before the Audit Committee for prior approval for RPTs:

1) Type, material terms, particulars of RPT, name of related party and relationship;
2) Tenure of proposed RPT- cannot be indefinite or open ended;
3) Value of proposed RPT-with upper limit and aggregate value and time period (in case of recurring or continuous transaction);
4) Value of proposed RPT vis-a-vis percentage of the Company’s annual total revenue, total assets and net worth, on consolidated basis;
5) In case of financial transactions, following to be disclosed:
    - Disclosure of source funds in connection with the proposed RPT;
    - Nature of indebtedness, cost of funds, tenure;
    - applicable terms and purpose for which the funds will be utilized by the ultimate beneficiary.
6) Justification how the RPT is in the interest of the Company;
7) Copy of Valuation Report or other external report relied upon;
8) Percentage of counter party’s annual total revenues, total assets and net-worth, that is represented by the value of the proposed RPT (voluntary);
9) Status of long-term (more than one year) or recurring related party transaction on an annual basis.

Approval by the Board

The Related Party transactions as specified under Section (1) of the Section 188 of Act, which are not in the ordinary course of business and on an Arm’s Length basis, shall require approval of the

Board. Further If the Committee is of the view that certain Related Party Transaction(s) should be brought before the Board or if the Board in any case elects to review any such matter or it is specifically provided under any other provision of the Act to be passed by the Board, then the Board shall consider and approve such Related Party Transactions.

Where any Director is interested in any Contract or Arrangement with a related party, such Director shall not be present at the meeting during the discussions on the subject matter of the resolution relating to such contract or arrangement and shall be abstained from voting on such resolution.

Approval of Shareholders

a) All Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the Shareholders by passing a resolution subject to the limits prescribed and the Related Parties shall abstain from voting on such resolution (for the purpose of Listing Regulations);

b) All the RPT(s) to be entered into in terms clauses (a) to (e) of sub section 1 of Section 188 the value/consideration of which is in excess of their respective limits specified under Rule 15(3) of the Companies (Meetings of Board and its Powers) Rule, 2014 and the transactions which are in ordinary course of business and on Arm's Length basis shall require approval of the shareholders;

c) For this purpose, none of the related parties of the Company shall vote to approve on such shareholders' resolution irrespective of whether the entity is a related party to the particular transaction or not. [Related Party(s) can cast only negative vote to reject the shareholders resolution of material RPT].

Related Party Transactions not previously approved

The members of the Audit Committee, who are independent directors, may ratify the related party transactions within 3 months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier. Ratification is subject to certain conditions as specified in the Listing Regulations.

The failure to seek ratification of the audit committee shall render related party transactions voidable at the option of the audit committee and if the transaction is with a related party to any director or is authorized by any director, the director(s) concerned shall indemnify the Company against any losses incurred.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances in respect of any such transaction(s) 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 action as the Committee / Board deems appropriate under the circumstances.

DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

The Company shall make appropriate disclosures/reporting with respect to related party transaction within the following prescribed timeline, as per the applicable provisions of the Act and Listing Regulations:

- Disclosure of RPT with the recognised stock exchange within 30 days from the date of publication of its standalone/consolidated financial results for the half year. ***(now it is to be disclosed with 15 days from such date, effective from April 1, 2022);***

- For HVDLE (High Value Debt Listed Entity): along with the standalone financial results for the half year (on 'comply or explain' basis till March 31, 2023). ***(w.e.f. April 1, 2023, it is to be disclosed simultaneously along with the financials);***

- The Company shall simultaneously upload the disclosure at its website;
- The Company shall also maintain relevant register(s) in the form of MBP-4 for recording particulars of all such transactions, contracts or arrangements with the related parties as per the relevant provisions of the Act.

- The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transaction;

- The explanatory statement to be annexed to the notice of General Meeting in this regard shall contain the following particulars:
  (i) Name of the related party;
  (ii) Name of the director or key managerial personnel who is related, if any;
  (iii) Nature of relationship;
  (iv) Nature, material terms, monetary value and particulars of the contract or arrangement;
  (v) Summary of the information provided by the management of the Company to the Audit Committee;
  (vi) Recommendation of Audit Committee justifying how the RPT is in the interest of the Company and whether the approval of the Committee was unanimous;
  (vii) Any other information relevant or important for the members to take a decision on the proposed resolution.

NON-APPLICABILTY

The provisions of sub-regulations 23(2), 23(3) and 23(4) of Listing Regulations, 2015, shall not be applicable to the transactions, which are in the nature of payment of Statutory Dues, Statutory Fees or Statutory Charges entered into between our Company (entity) on one hand and the Central Government or any State Government or any combination thereof on the other hand.

REVIEW OF THE POLICY

This policy can be reviewed and updated by Audit Committee and Board of Directors at least once every three years and may recommend amendments to this policy as it deems appropriate. The listed entity shall formulate a policy on materiality of related party transactions and on dealing with related party transactions

AMENDMENT

In case there arise any conflict in the policy with any provision of the Companies Act, Listing Regulations or in case of any notification(s), amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the Policy, then such provision(s), notification(s), amendment(s), clarification(s), circular(s) etc. shall prevail and this Policy shall stand amended accordingly.

IMPLEMENTATION

The policy shall be implemented by the management of the Company from the date it is approved by the Board. All RPTs entered prior to the date of approval of this Policy shall be subject to review by the Audit Committee.