

GUJARAT LEASE FINANCING LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS

(Ref: Regulation 23 of Listing Regulations)

1. **Background**

- A Gujarat Lease Financing Limited (the "Company" or "GLFL") recognizes that Related Party Transactions ("RPTs") present potential or actual conflicts of interest and may raise questions about whether such transactions are in the interest of the Company.
- B The law and regulations applicable to listed entities for RPTs are enlisted below:
- I Companies Act 2013 ("Act")
 - Section 188 of the Act and Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014
 - Section 177 of the Act and Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014
 - II Securities and Exchange Board of India (Listing Obligations and - Disclosure Requirements) Regulations, 2015 ("Listing Regulations")
 - Regulation 18
 - Regulation 23

2. **Scope**

This policy sets the definition of material RPTs and dealing with RPTs.

3. **Definitions**

All the words and expressions used herein shall have the same meaning ascribed to them in the Act, SEBI Act 1992, Listing Regulations or applicable rules and regulations made thereunder and any other relevant legislation applicable to the Company.

4. **Materiality of Related Party Transactions**

The following shall be considered as material RPT.

- A Transaction with a related party shall be considered as material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds Rupees One Thousand Crore

or ten percent of the Annual Consolidated Turnover of the Company, whichever is lower as per the last audited financial statements or such sum as may be prescribed under Listing Regulations and as amended from time to time.

- B A transaction involving payments made to 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 exceeds five percent of the Annual Consolidated Turnover of the Company as per the last audited financial statements of the Company.

5. **Policy**

- A A related party transaction / contract / arrangement shall be in compliance with the provisions of the Act, Listing Regulations and applicable rules and regulations, as amended from time to time.
- B All related party contracts / arrangements shall be entered on an arm's length basis.
- C Related party contracts / arrangements may deviate from the principle of arm's length basis, provided: (a) it is specifically permitted by law or specifically not prohibited by law; and (b) after prior approval from Audit Committee, Board of Directors and Shareholders, as may be required.
- D All the RPTs and subsequent Material modifications shall require prior approval of the Audit Committee and all Material RPTs and subsequent Material modifications shall require prior approval of the Shareholders.

“Material modification” shall mean any modification to RPT having variance of more than 10% of existing limit as may be approved by the Audit Committee, Board of Directors and Shareholders, as the case may be.

- D Audit Committee shall determine, based on facts and circumstances of the case, whether a RPT is “in ordinary course of business” and whether a RPT is “on arm's length” basis.
- E Audit Committee shall grant an omnibus approval in respect of each financial year prior to the start of the year to RPTs in accordance with the Act, Rules & Listing Regulations.
- F The Audit Committee shall review on periodical basis:
 - I The RPTs undertaken during the period under consideration;

- II The YTD status of RPTs under taken under omnibus approval granted by the Committee for the year.
- III status of long-term (more than one year) or recurring RPTs on an annual basis.

6. Review of Policy

- A The Company Secretary and in his absence the Chief Financial Officer shall amend this Policy consequent to changes in applicable laws and regulations. Any such change will be placed before the next Board meeting.
- B The Company shall review the Policy every three years, unless such revision is necessitated earlier.
