



# **GMR POWER AND URBAN INFRA LIMITED**

Policy on Related Party Transaction (RPT)



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## 1. INTRODUCTION

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The Board of Directors (the “Board”) of (the “Company”), has adopted the following policy and procedures (“Policy”) with regard to Related Party Transaction(s) (RPTs) as detailed below.

### 1.1. Purpose of the Policy

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This policy is framed based on requirements of Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the Provisions of the Companies Act, 2013 (“Act”) read with the Rules framed thereunder and is intended to ensure the governance and reporting of transaction(s) between the Company and its Related Parties.

### 1.2. Definitions

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1.2.1. **“Arm’s Length Transaction”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

1.2.2. **“Audit Committee”** means Audit Committee of the Board of Directors of the Company constituted under provisions of Listing Regulations and Companies Act, 2013.

1.2.3. **“Board”** means the Board of Directors of the Company.

1.2.4. **“Company”** means GMR Power and Urban Infra Limited.

1.2.5. **“Key Managerial Personnel”** or **“KMP”** means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made thereunder.

*(As per Section 203 of the Companies Act, 2013, the following are whole-time Key Managerial Personnel:*

- (i) Managing Director or Chief Executive Officer or the Manager and in their absence a whole-time Director;*
- (ii) Company Secretary; and*
- (iii) Chief Financial Officer.)*

1.2.6. **“Material Related Party Transaction”** means the following:

A) a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during



a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such other limit in terms of the Listing Regulations in force from time to time.

*Provided that a transaction with a related party shall be considered 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 per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower. (w.e.f. April 1, 2022)*

B) 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 listed entity as per the last audited financial statements of the listed entity."

1.2.7. **"Material Modification"** of related party transaction will mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be (w.e.f. April 1, 2022).

1.2.8. **"Ordinary Course of Business"** means transactions that are necessary, normal and incidental to the business, the objects of the Company permit such activity, there is a historical practice and pattern of frequency (not an isolated transaction), has connection with the normal business carried on by the Company.

1.2.9. **"Policy"** means Related Party Transaction Policy of the Company.

1.2.10. **"Related Party"** means, a person or an entity:

- (i) which is a related party under Section 2(76) of the Companies Act, 2013 or Regulation 2(1)(zb) of Listing Regulations; or
- (ii) which is a related party under the applicable accounting standards.

Related Party under section 2(76) of the Companies Act, 2013 and Rules made thereunder are as follows:

- (i) a director or his relative
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;



- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director or manager is a director and holds along with his 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) an body corporate which is—
  - (a) a holding, subsidiary or an associate company of such company; or
  - (b) a subsidiary of a holding company to which it is also a subsidiary.
  - (c) An investing company or venture of the Company.

Explanation- for the purpose of this clause, “the investing company or the venture 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.

- (ix) Director or Key Managerial Personnel of the Holding Company or his relative; or
- (x) Such other persons as may be prescribed by Central Government.

\*Further, any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.”

\*Effective from April 1, 2022:

Provided that any person or entity forming a part of the promoter or promoter group of the Company or any person or entity, holding equity shares of 20% or more in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year shall be deemed to be a related party (effective from 1<sup>st</sup> April 2022). The threshold shall be 10% from the 1 April 2023.

1.2.11. **“Related Party Transaction”** means transaction in the nature of contract involving transfer of resources, services or obligations between the Company and the Related Party, specifically including transactions under



section 177 and section 188 of the Companies Act, 2013, regardless of whether a price is charged.

**Further, w.e.f April 1, 2022** “related party transaction” would mean a transaction involving a transfer of resources, services or obligations between a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand;

**Further, w.e.f April 1, 2023** “related party transaction” would mean a transaction involving a transfer of resources, services or obligations between a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries.;

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:

- 1.2.12. **“Relative”** as per the Companies Act, 2013, with reference to any person, means anyone who is related to another, if:
- (i) they are members of a Hindu Undivided Family;
  - (ii) they are husband and wife; or
  - (iii) one person is related to the other person as:
    - (a) Father (including step-father)
    - (b) Mother (including step-mother)
    - (c) Son (including step-son)
    - (d) Son’s wife
    - (e) Daughter
    - (f) Daughter’s husband
    - (g) Brother (including step-brother)
    - (h) Sister (including step-sister)

### **1.3. Interpretation**

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Words and expressions used in this Policy shall have the same meaning respectively assigned to them in the following Acts, Listing Regulations, other regulations, and rules.

- (i) The Companies Act, 2013 or the rules framed thereon;
- (ii) Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (iii) Securities Contracts (Regulation) Act, 1956;



- (iv) Securities and Exchange Board of India Act, 1992;
- (v) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018;
- (vi) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (vii) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.



## **2. POLICY**

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



### **3. IDENTIFICATION OF RPTs**

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Each Related Party shall promptly notify of any interest that such person or relative of such person had, has or may have in a RPT, by providing notice to the Board or Audit Committee of any potential RPT involving them or their Relative together with additional information about the RPT that the Board or Audit Committee reasonably request.

The Company prefers that notice of any RPT is given well in advance, so that the Audit Committee / the Board has adequate time to obtain and review information about the proposed RPT.

The Board / Audit Committee shall determine whether a transaction does, in fact, constitute a RPT requiring compliance with this Policy.

## 4. REVIEW AND APPROVAL OF RPTs

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### 4.1. Audit Committee

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- Every Related Party Transaction and subsequent modifications shall be subject to the prior approval of the Audit Committee whether at a meeting or by a resolution by circulation. Further, only those members of the Audit Committee who are independent directors shall approve related party transactions.

Every related party transaction to be entered into by the subsidiary of the Company to which the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company (w.e.f. 01.04.2022); or 10% of standalone turnover, as per the last audited financial statements of the subsidiary (w.e.f. 01.04.2023).

However, prior approval of the audit committee shall not be required for a related party transaction to which listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of Listing regulations are applicable to such listed subsidiary;

For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to above, the prior approval of the audit committee of the listed subsidiary shall suffice.

- The Audit Committee shall be provided such details as may be required to assess the RPTs including the information required to be provided as per the Companies Act, 2013 and Listing Regulations.
- All Related Party Transactions and subsequent modifications shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transaction(s) proposed to be entered into by the company subject to the following conditions:
  - (i) The Related Party Transaction proposed to be entered into with the Company must be repetitive in nature and in ordinary course of business and at Arm's Length basis.



- (ii) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- (iii) 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;  
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 transaction(s) subject to their value not exceeding Rs.1 crore per transaction.
- (iv) Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
- (v) Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one financial year.
- (vi) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

Transaction(s), other than transactions referred to under Section 188 of the Companies Act, 2013 entered into between holding company and its wholly owned subsidiary or between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Holding Company and placed before the shareholders at General Meetings for approval shall not require approval of the Audit Committee.

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

- (i) Any transaction that involves the providing of compensation to a director or KMP in connection with his or her duties to the Company or any of its subsidiaries or associates including the reimbursement of reasonable business and travel expenses incurred in the Ordinary Course of Business.



- (ii) 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.

#### **4.2. Board**

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If the Committee determines that a Related Party Transaction should be brought before the Board, or where Committee does not approve the transaction shall make its recommendation to 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 above shall apply to the Board's review and approval of the matter, with such modification as may be appropriate under the circumstances.

A Director, if interested in any Related Party Transaction, shall not be present at the meeting, whether physically or through Electronic mode, during discussions and shall not vote on such item.

#### **4.3. Shareholders**

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All Material Related Party Transactions and any subsequent material modification thereof shall require prior approval of the shareholders through resolution. No related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that prior approval of the shareholders of a Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of listing regulations are applicable to such listed subsidiary.

For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

All the transactions, other than the Material Related Party 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 resolution, if so required under any law, and the Related Parties shall abstain from voting on such resolution.

Any Related Party Transaction or Material Related Party Transaction if entered into with a Wholly Owned Subsidiary or between two wholly owned subsidiaries of the



Company, whose accounts are consolidated with the Holding Company and placed before the shareholders at General Meetings for approval, shall not require approval of the Shareholders.



#### 4.4 Materiality Thresholds:

Regulation 23 of Listing Regulations requires the Company to provide clear threshold limits duly approved by the Board of Directors for related party transactions.

Materiality Thresholds for related party transactions:

The RPTs which crosses the Materiality thresholds as mentioned below shall be entered by the Company only with prior approval of shareholders of the Company through resolution, as per applicable provisions of the Act and the Listing Regulations, as may be amended from time to time.

1. The Company has fixed its materiality threshold of Rs. 1000 crore or 10% of the annual consolidated turnover of the Company as per last audited financial statements of the company for the purpose of Regulation 23 (4) of SEBI (LODR) Regulations, 2015, whichever is lower.
2. Any other Related Party Transaction shall be placed before the Shareholders for approval, as per the threshold limits mentioned and in terms of the provisions of Section 188 of the Companies Act, 2013 read with relevant Rules.



## **5. RPTs NOT APPROVED UNDER THIS POLICY**

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In the event the Company becomes aware of a RPT with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction(s) and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction(s). The Committee may examine the facts and circumstances of the case and take any such actions it deems appropriate.

An RPT involving amount not exceeding one crore rupees is entered into by a director or officer of the Company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the RPT, such transaction shall be voidable at the option of the Committee and if the transaction is with the Related Party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it.



## 6. DISCLOSURES

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Details of all material transactions with Related Parties shall be disclosed **as part of** the Report on Corporate Governance, included in the Annual Report of the Company.

The Company shall submit, disclosures of related party transactions on a consolidated basis, within the time limit and in the format specified under the Listing Regulations.

The annual report shall include disclosures of transactions of the Company with any person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in the Company and also the disclosure on loan and advances in the nature of loan given to subsidiaries, associates and firms/companies in which Directors are interested , in the format prescribed in the relevant accounting standards for annual results.

The Company shall disclose the Policy on dealing with Related Party Transactions on its website and web-link shall be provided in the Annual Report.



## **7. AMENDMENT**

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Any amendment or modification to the relevant Statutes, the Listing Regulations and any other applicable regulation relating to Related Party Transaction(s) shall automatically be deemed to be incorporated in this policy and be applicable to the Company.

## **REVIEW OF POLICY**

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This Policy shall be reviewed and reassessed as and when required but at least once in Three years.

The policy is effective from the date of its approval by the Board.

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