



GMR POWER AND URBAN INFRA LIMITED

Policy on Related Party Transaction (RPT)

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1. INTRODUCTION

The Board of Directors (the “Board”) of (the “Company”), GMR Power and Urban Infra Limited 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

This policy is framed based on requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) read with the applicable circulars, Industry Standards on “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions” (“Industry Standard Notes”) 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 Related Party Transactions.

1.2. Definitions

- 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.

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

- A) 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 the thresholds specified in Schedule XII of Listing Regulations, which are currently as below:

Consolidated Turnover of Listed Entity Threshold as per latest audited financials	Threshold
(I) Up to ₹20,000 Crore	10% of the annual consolidated turnover of the listed entity
(II) More than ₹20,000 Crore to upto ₹40,000 Crore	₹2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore
(III) More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 Crore or ₹5000 Crores, whichever is lower.

- 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 five 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 a variance of 20% or more of the existing limit as sanctioned by the Audit Committee/Board of Directors/Shareholders of the Company, as the case may be.

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"** shall have the same meaning as defined under Section 2(76) of the Act, Indian Accounting Standard (Ind AS) 24 and Regulation 2(1)(zb) of the Listing Regulations.

1.2.11. **"Related Party Transaction"** shall have the meaning as defined under Regulation 2(1)(zc) of the SEBI Listing Regulations or as envisaged in Section 188(1) and includes transactions with a Related Party as envisaged in Section 177 of the Act.

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

Words and expressions not defined in this Policy shall have the same meaning as contemplated in the Act read with the rules made thereunder, the SEBI Listing Regulations and any other applicable laws or regulations for the time being in force.

2. POLICY

All Related Party Transactions and subsequent modifications must be approved in accordance with this Policy.

3. IDENTIFICATION OF RPs and RPTs

The Company shall identify and update the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under, Ind AS 24, and Regulation 2(1)(zb) of the Listing Regulations.

The Company shall identify related party transactions in accordance with Sections 177 & 188 of the Act and Regulation 2(1)(zc) of the Listing Regulations. The Company shall determine whether the transaction is in the ordinary course of business, at arm's length basis and in the interest of the Company.

REVIEW AND APPROVAL OF RPTs

3.1. Audit Committee

- 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, in accordance with Listing Regulations, only those members of the Audit Committee who are independent directors shall approve related party transactions.

Every related party transaction of the subsidiary of the Company to which the Company is not a party and with value above Rs. 1 crore, whether to be entered into individually or taken together with previous transactions during a financial year, shall require prior approval of the audit committee of the Company if the value of such transaction, exceeds the following:

- (i) 10% of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or

- (ii) the threshold for material related party transactions of the listed entity as specified in Schedule XII of Listing Regulations.

Further, every related party transaction of the subsidiary of the Company (which does not have audited financial statements for a period of at least one year) to which the Company is not a party and with a value above Rs. 1 crore, whether to be entered into individually or taken together with previous transactions during a financial year, shall require prior approval of the audit committee of the Company if the value of such transaction, exceeds the following:

- (i) 10% of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
- (ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of Listing Regulations.

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 above, the prior approval of the Audit Committee of the listed subsidiary shall suffice.

- The Audit Committee shall be provided with 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 including Industry Standard Notes.
- 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 and/ or its subsidiary, as the case may be;
- (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.

Further, the Audit Committee shall review the status of non-omnibus/ long-term (more than one year) RPTs on an annual basis.

- (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 or any other nature of transactions identified by the Audit Committee/ Board.

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 of subsidiary companies shall not require approval of Audit Committee or shareholders:

- (i) Remuneration and sitting fees paid by the subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, provided that the same is not material in terms of the provisions of the Listing Regulations and this policy.
- (ii) Any transactions referred in first proviso to Regulation 2(zc) of Listing Regulations.

3.2. Board

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.

For avoidance of doubt, it may be noted that in the event of any transaction, contract or arrangement is not in the ordinary course of business or not at arm's length, the Company shall comply with the provisions of the Act and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.

A Director, if interested in any Related Party Transaction, shall not participate in such proceedings.

3.3. Shareholders/ Members

All the transactions with the Related Parties, which are not in the ordinary course of business or not at Arm's Length basis and exceeds certain thresholds prescribed under the Act, shall require the prior approval of the shareholders through resolution.

Further, all Material Related Party Transactions and any subsequent Material Modification thereof shall also require prior approval of the shareholders through resolution.

Any member of the Company who is a related party, irrespective of being party to the said transaction or not, shall not vote on such resolution passed for approving such Related Party Transaction.

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.

Any Related Party Transaction or Material Related Party Transaction if:

- a) entered into with a Wholly Owned Subsidiary, 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; or
- b) entered 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; or

- c) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.

3.4. 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 as mentioned under Schedule XII of Listing Regulations for the purpose of Regulation 23 (4) of Listing Regulations.
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. MANNER OF HANDLING RPTs NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of an RPT 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.

The audit committee may ratify related party transactions within three 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 this policy;

(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 Listing regulation;

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

Further, in terms of Section 188(3) of the Companies Act, 2013, where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under sub-section (1) and if it is not ratified by the Board / Shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement, shall be voidable at the option of the Board /Shareholders , as the case may be and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the Directors concerned shall indemnify the company against any loss incurred by it.

6. DISCLOSURES

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 information to be placed before the Audit Committee/ Board/ Shareholders should be in accordance with the Act, Listing Regulations and Industry Standard Notes.

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. REVIEW AND AMENDMENT

This policy shall be subject to review by the Board of Directors as may be deemed necessary and to comply with any regulatory amendments or statutory modifications, preferably once every three years.

The Board of Directors may amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail notwithstanding the provisions hereunder from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc. and shall be deemed to be part of this policy.
