Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions

GSPL TRANSMISSION LIMITED

1. Introduction:

The Board of Directors of GSPL Transmission Limited ("the Board") has adopted following Policy and procedures with regard to Materiality of Related Party Transactions and dealing with Related Party Transactions of the Company.

2. Purpose:

The Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (Listing Regulations) requires all listed companies to formulate a Policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions including clear threshold limits duly approved by the Board of Directors. The regulation further requires that the Audit Committee of Company shall define "Material Modifications" and disclose it as part of the Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions. This Policy has been framed for complying with above requirement.

3. Definitions:

i. **"Act"** shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

ii. **"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.

iii. **"Associate Company"** shall mean "Associate Company" as defined in the Companies Act, 2013.

iv. **"Board of Directors" or "Board"** means the Board of Directors of the Company, as constituted from time to time.

v. **"Company"** means GSPL Transmission Limited.

vi. **"Director"** means a person as defined in the Companies Act, 2013.

vii. **"Employees"** shall mean the employees and office-bearers of the Company, including but not limited to Directors.

viii. **"Key Managerial Personnel"** shall mean "Key Managerial Personnel" as defined in the Companies Act, 2013 read with related rules issued thereto.

ix. **"Material Related Party Transaction"** in accordance with Regulation (2) (1) (zc) read with Regulation 23 (1) of the Listing Regulations shall mean:

i) A Related Party Transaction 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 threshold specified in Schedule XII of the Listing Regulations.

ii) 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, exceeds 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

x. **“Material Modifications”** means increase in value of Related Party Transactions approved by the Audit Committee by 20% or Rs. 5 crores, whichever is higher.

xi. **“Office or Place of Profit”** means any office or place:

i) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

xii. **“Ordinary Course of Business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association. The Audit Committee may lay down principles from time to time for determining ordinary course of business in accordance with statutory requirements and other industry practices and guidelines.

xiii. **“Policy”** means Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions.

xiv. "**Promoter**" and "**Promoter Group**" shall mean “Promoter and “Promoter Group” as defined in clauses (oo) and (pp) respectively of Sub Regulation (1) of Regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

xv. **"Relative"** shall mean "relative" as defined in Section 2(77) of the Companies Act, 2013 and rules prescribed there under.

xvi. **"Related Party"** means a related party –

(a) as defined under Section 2 (76) of the Companies Act, 2013 and the rules framed thereunder; or

(b) Is a Related Party under the applicable Accounting Standards:

Provided that:

(a) any person or entity forming a part of the Promoter or Promoter Group of the Company; or

(b) any person or any entity, holding Equity Shares

(i) of twenty percent or more; or

(ii) of ten percent or more, w.e.f. 1st April, 2023; 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 immediate preceding financial year; shall be deemed to be a Related Party.

xvii. **"Related Party Transaction or Transaction"** shall mean "Related Party Transaction or Transaction" as defined in clause (zc) of sub-regulation (1) of Regulation 2 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes:

(a) sale, purchase or supply of any goods or materials;

(b) selling or otherwise disposing of, or buying, property of any kind;

(c) leasing of property of any kind;

(d) availing or rendering of any services;

(e) appointment of any agent for purchase or sale of goods, materials, services or property;

(f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company;

(g) underwriting the subscription of any securities or derivatives thereof, of the company.

Explanation: *A "transaction with a Related Party shall be construed to include single transaction or a group of transactions in a contract."*

xviii. **"Subsidiary"** means a "Subsidiary" as defined under Sub-Section (87) of Section 2 of the Companies Act, 2013.

4. Policy:

- Procedure

A. Identification of Potential Related Party Transactions:

For the purpose of identification of Potential Related Party Transactions, each director and Key Managerial Personnel shall give notice of disclosure of interest in the format as per **Annexure – I** on an annual basis and upon any subsequent modifications in the last disclosure provided. The Company shall ensure that no transaction is entered into with any Related Party without requisite approvals.

B. Review and approval of Related Party Transactions:

Audit Committee approval:

1. As per Regulation 23 of the Listing Regulations and Section 177 of the Companies Act, 2013, all the Related Party Transactions and subsequent Material Modifications shall require prior approval of the Audit Committee whether at a meeting or by resolution by circulation or any other manner as

provided by the Act or Rules made thereunder or Listing Regulations from time to time, subject to the following:

a. ***Omnibus Audit Committee approval*:**

i) The Audit Committee may grant omnibus approval for Related Party Transactions provided it is satisfied that there is a need to grant such approval and the same is in the interest of the Company. Such approval may be granted by Audit Committee for the proposed transactions subject to the following:

i. Transactions are repetitive/frequent in nature;
ii. Transactions are conducted at Arm's Length basis;
iii. Transactions are in the ordinary course of business;

ii) Such omnibus approval shall specify the following:

- Name/s of the related party
- Nature of transaction
- Period of transaction
- Maximum amount of transaction that can be entered into
- The indicative base price/current contracted price and the formula for variation in the price, if any, and
- Such other conditions as the Audit Committee may deem fit.

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 Audit Committee.

iii) Provided that where the need for related party transaction cannot be foreseen and the 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.

iv) The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given. Further, such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of the same.

Further, as per Regulation 23 of the Listing Regulations, all Related Party Transactions shall be approved by the Independent Directors only who are members of the Audit Committee.

v) The members of the Audit Committee, who are independent directors, 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 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 Regulation 23 of the SEBI Listing Regulations;

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 Regulation 23 of the SEBI Listing Regulations;

v) any other condition as specified by the Audit Committee of the Company.

Provided that failure to seek ratification of the Audit Committee shall render the transaction 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 other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

Board of Directors and Shareholders' approval:

In accordance with Section 188 of the Companies Act, 2013 and Listing Regulations, the Board of Directors and Shareholders of the Company shall accord prior approval for Related Party Transactions and subsequent Material Modifications, subject to the following:

1. **Board of Directors and Shareholders' approval in terms of Companies Act, 2013:**

All Related Party Transactions which are either not on arm's length basis or not in the Ordinary Course of Business shall be recommended by the Audit Committee for the approval of the Board of Directors.

Provided the transactions as prescribed below shall be further recommended by the Board of Directors for the approval of the Shareholders of the Company by way of Ordinary Resolution, as provided under Section 188 of the Companies Act, 2013 read with related rules issued thereunder:

Transaction covered	Transaction value
Sale, Purchase or supply of any goods or materials directly or through appointment of agents*	Amounting to 10% or more of the Turnover.
Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents*	Amounting to 10% or more of the Net Worth.
Leasing of property of any kind*	Amounting to 10% or more of the Turnover.
Availing or rendering of any services directly or through appointment of agents*	Amounting to 10% or more of Turnover.
Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company	Monthly remuneration > Rs. 2.5 lakhs
Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company*	>1% of Net Worth

* *The limits shall apply for these transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.*

The concerned related party (ies) which are related to that transaction shall not vote to approve such relevant resolution.

2. **Board of Directors and Shareholders' approval in terms of Listing Regulations:**

The Listing Regulations require a company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of a resolution. The Company has fixed its materiality threshold at the level prescribed under Explanation to Regulation 23 (1) of the Listing Regulations (i.e. the threshold as specified under Schedule XII of the Listing Regulations).

Accordingly, in terms of Regulation 23 of the Listing Regulations, all Material Related Party Transaction and subsequent Material Modifications shall be recommended by the Board of Directors to the Shareholders for their approval by way of Ordinary Resolution.

5. Transactions with/by Subsidiaries of the Company:

In terms of Regulation 23 of the Listing Regulations, prior approval of the Audit Committee/Board of Directors/Shareholders shall be required by the subsidiaries of the Company for entering into following transactions including subsequent material modifications thereof:

A related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of the Company is a party but the Company is not a party shall require prior approval of the audit committee and shareholders of the Company if the value of such transaction, exceeds the lower of the following:

(i) ten percent 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 Company as specified in Schedule XII of the Listing Regulations.

Further, In the event of a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of the Company is a party but the Company is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee and shareholders of the Company shall be obtained if the value of such transaction exceeds the lower of the following:

(a) ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
(b) the threshold for material related party transactions of the Company as specified in Schedule XII of Listing Regulations. Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.

Provided prior approval of the Audit Committee/Board of Directors/Shareholders 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 the listed Subsidiary.

Explanation: For Related Party Transactions of unlisted subsidiaries of the listed Subsidiary as referred to in proviso above, the prior approval of the Audit Committee/Board of Directors/Shareholders of the listed Subsidiary shall suffice.

(c) Exemption from obtaining approval in terms of the Listing Regulations:

In terms of Regulation 23 of the Listing regulations, following transactions are exempted from the requirement of obtaining the Audit Committee/Board of Directors/ Shareholders approval:

i. transactions entered into between GSPL Transmission Limited and its wholly owned subsidiary, if any, whose accounts are consolidated with GSPL Transmission Limited and placed before the shareholders at the general meeting for approval.

ii. transactions entered into between two wholly-owned Subsidiaries of GSPL Transmission Limited, whose accounts are consolidated with GSPL Transmission Limited and placed before the Shareholders at the General Meeting for approval.

iii. transactions which are in nature of payment of statutory dues, statutory fees or statutory charges entered into between GSPL Transmission Limited on one hand and the Central Government or any State Government or any combination thereof on the other hand.

However, except for transactions mentioned at above, an approval of Audit Committee and Board of Directors/ Shareholders as the case may be will be required for above listed transaction as per Section 177 and Section 188 of the Companies Act, 2013 as may be applicable, read with the Rules made thereunder.

(d) Related Party Transactions not approved under this Policy:

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transactions, and shall evaluate all options available to the Company, including ratification by it or recommending the Board for their ratification or seeking approval of Shareholders, revision or termination of the Related Party Transactions.

(e) Disclosures

- Particulars of contracts or arrangements with Related Parties referred to in sub Section (1) of Section 188 shall be disclosed in the Directors Report pursuant to any statutory requirement, if any.

- The Company shall disclose this Policy on its website and a web link thereto shall be provided in the Annual Report.

In addition to the above, the Company shall disclose Related Party Transactions on a consolidated basis to the stock exchange on the date of publication of its half yearly standalone and consolidated financial results in the prescribed format and publish the same on it's website.

(f) Interpretation

a. Any words used in this Policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder

Accounting Standards or any other relevant legislation / law applicable to the Company.

b. In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term /provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

(g) Policy Review

This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

In case of any subsequent changes in the provisions of the Companies Act, 2013, Listing Regulations or any other regulations ("the Regulations") which makes any of the provisions in the Policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with the Regulations.

The Policy shall be reviewed and recommended by the Audit Committee at least once in every three years or as and when any changes are to be incorporated in the Policy due to change in the Regulations or as may be felt appropriate by the Audit Committee, whichever is earlier for approval of the Board of Directors.

Any changes or modification on the Policy as recommended by the Audit Committee would be presented for review and approval of the Board of Directors.

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GSPL TRANSMISSION LIMITED

Annexure - I

Notice of Interest by Director / Key Managerial Personnel

[Pursuant to section 184 (1) and rule 9(1)]

Financial Year ________

To,
The Board of Directors,
GSPL Transmission Limited
GSPL Bhavan, Sector - 26,
Gandhinagar - 382 028

Dear Sir/Madam,

A. I, ____________________ Son/Daughter of ____________________________ resident of ____, being Director/Key Managerial Personnel in the Company hereby give notice of my interest or concern in the following company or companies, bodies corporate, firms or other association of individuals: -

Sr. No.	**Names of the Companies / Bodies Corporate / Firms / Association of Individuals**	**Nature of interest or concern / Change in interest or Concern**	**Shareholding**	**Date on which interest or concern arose / changed**

____

Date -
Place –

Name: - ___________
DIN: - _________

B. Details of Committees of other companies in which Chairmanship/Membership is held

Sr. No.	Name of the Company(s)	Name of the Committee(s)	Position held

Date -
Place –

Name: - ___________
DIN: - _________

GSPL TRANSMISSION LIMITED

List of Relatives as defined under Section 2(77) of the Companies Act, 2013

Sr. No.	Relationship	Name of Relative	PAN Details
1.	Spouse		
2.	Father (including Step Father)		
3.	Mother (including Step Mother)		
4.	Son (including Step Son)		
5.	Son's Wife		
6.	Daughter		
7.	Daughter's Husband		
8.	Brother (including Step Brother)		
9.	Sister (including Step Sister)		
10.	Member(s) of HUF		

____

Date -
Place –

Name: - ___________
DIN: - _________