



GUJARAT INDUSTRIES POWER COMPANY LIMITED

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CIN: L99999GJ1985PLC007868

POLICY STATEMENT:

The Company shall not enter into any contract or arrangement with a 'Related Party' without approval of the Audit Committee of Directors (the Audit Committee).

In the event such contract or arrangement is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act, 2013 (the Act), the Rules framed there under and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), as amended from time to time, and obtain approval of the Board of Directors (the Board) or its Shareholders, as applicable, for such contract or arrangement.

All "material" Related Party Transactions (RPTs) will be placed for approval of the shareholders of the Company. A transaction with a related party shall be considered "material" if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

1. PREAMBLE

The Board of Gujarat Industries Power Company Limited (the "Company" / "GIPCL") has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions (the "Policy") in compliance with the requirements of Section 188 of the Act and Regulation 23 of SEBI LODR. Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendation of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of RPTs including material transactions.

2. OBJECTIVE

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of RPTs in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.



3. DEFINITIONS

“Audit Committee or Committee” means the Committee of the Board constituted from time to time under the provisions of SEBI LODR and Section 177 of the Companies Act, 2013.

“Board” means the Board of Directors as defined under the Companies Act, 2013.

“Key Managerial Personnel” means Key Managerial Personnel as defined under the Companies Act, 2013.

“Material Related Party Transaction” means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Act or the SEBI LODR, whichever is stricter, from time to time.

“Related Party” means related party as defined under Section 2(76) of the Companies Act, 2013, read with Regulation 2(1)(zb) of the SEBI (LODR) Regulation, 2015 and the relevant Accounting Standard (AS) issued by the Institute of Chartered Accountants of India (ICAI), as amended from time to time.

“Related Party Transaction” means any transaction between the Company and any Related Party for transfer of resources, services or obligations as defined under Section 188 of the Companies Act, 2013 read with Regulation 2(1)(zc) of the SEBI (LODR) Regulation, 2015, as amended from time to time and includes –

- a. Single transaction or a group of transactions in a contract;
- b. Sale, purchase or supply of any goods or materials;
- c. Selling or otherwise disposing of, or buying property of any kind;
- d. Leasing of property of any kind;
- e. Availing or rendering of any services;
- f. Appointment of any agent for the purchase or sale of goods, materials, services or property;
- g. Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
- h. Underwriting the subscription of any securities or derivatives thereof, of the Company;
- i. Financing (including loans and equity contributions in cash or kind);
- j. Providing or obtaining guarantees and collaterals; and
- k. Deputation of employees.

The above is an indicative list and not an exhaustive one.

“Relative” means a relative as defined under the Section 2(77) of the Companies Act read with Rule 4 of the Companies (Specification of Definitions details) Rules, 2014, and applicable Accounting Standard (AS) issued by the Institute of Chartered Accountants of India (ICAI) and includes anyone who is related in any of the following manner –



- a. Members of a Hindu undivided family;
- b. Spouse;
- c. Father (including step-father);
- d. Mother (including step-mother);
- e. Son (including step-son)
- f. Son's Wife;
- g. Daughter;
- h. Daughter's husband
- i. Brother (including step-brother); or
- j. Sister (including step-sister).

"Transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

The terms **Director, Chief Financial Officer, Company Secretary**, shall have the same meaning as assigned to them under the Act.

4. POLICY

The Audit Committee shall review and approve all Related Party Transactions based on this Policy.

All proposed Related Party Transactions must be reported to the Audit Committee for its prior approval in accordance with this Policy. In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Audit Committee may grant standing pre -approval / omnibus approval, details whereof are given in a separate section of this Policy.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Audit Committee may ratify the transaction(s) in accordance with this Policy.

4.1. IDENTIFICATION OF RELATED PARTY TRANSACTIONS

Every Director and Key Managerial Personnel (KMP) will be responsible for providing a declaration in the format as per **Annexure 1** containing the following information to the Company Secretary (CS) on an annual basis:

- 1. Names of his / her Relatives;
- 2. Partnership firms in which he / she or his / her Relative is a partner;
- 3. Private Companies in which he / she is a member or Director;
- 4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
- 5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
- 6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).



Every Director and the KMP will also be responsible to update the CS of any changes in the above relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes.

The CS shall be responsible to maintain an updated database of information pertaining to Related Parties reflecting details of –

1. All Directors and KMP;
2. All individuals, partnership firms, companies and other persons as declared and updated by Directors and KMP;
3. Company's holding company, subsidiary companies and associate companies;
4. Subsidiaries of holding company;
5. Director or KMP of the holding company or their Relatives;
6. All Group entities; and
7. Any other entity which is a Related Party as defined under Section 2(76) of the Companies Act, 2013 read with Regulation 23 of the SEBI LODR or the relevant Accounting Standard.

The database shall be updated whenever necessary and shall be reviewed at least once a year jointly by the CS and Chief Financial Officer (CFO). The functional / business heads / Chief Financial Officer / Company Secretary shall have access to the updated database.

Every Director, KMP, Functional / Business heads / CFO will be responsible for providing prior Notice to the CS of any potential Related Party Transaction(s). They will also be responsible for providing additional information about the Transaction that the Board / Audit Committee may request, for being placed before the Audit Committee and the Board.

The suggested details and list of records and supporting documents which are required to be provided along with the Notice of the proposed transaction are provided in **Annexure 2** to this Policy.

The CS in consultation with the CFO may refer any potential related party transaction to any external legal/transfer pricing expert and the outcome or opinion of such exercise shall be brought to the notice of the Audit Committee. Based on this Notice, the CS will take it up for necessary approvals under this Policy.

4.2. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION(S)

All RPTs shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode. A member of the Audit Committee who (if) has a potential interest in any RPT will not remain present at the meeting or abstain from discussion and voting on such RPT and shall not be counted in determining the presence of a quorum when such Transaction is considered.

4.2.1. CONSIDERATION BY THE AUDIT COMMITTEE IN APPROVING THE PROPOSED TRANSACTIONS

While considering any transaction, the Audit Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters that it may deem fit.



Prior to the approval, the Audit Committee shall, *inter-alia*, consider the following factors to the extent relevant to the transaction:

- a. Whether the terms of the RPTs are in the ordinary course of the Company's business and are on an arm's length basis;
- b. The business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any;
- c. Whether the RPT includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d. Whether the RPT would affect the independence or present a conflict of interest for any Director or KMP of the Company, taking into account the size of the Transaction, the overall financial position of the Director, KMP or other Related Party, the direct or indirect nature of the Director's interest, KMP or other Related Party's interest in the Transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee deems relevant.

While considering the arm's length nature of the Transaction, the Audit Committee shall take into account the facts and circumstances as were applicable at the time of entering into the Transaction with the Related Party. The Audit Committee shall take into consideration that subsequent events (i.e. events after the initial Transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

4.2.2. APPROVAL BY CIRCULAR RESOLUTION OF THE AUDIT COMMITTEE

In the event the Company Management determines that it is impractical or undesirable to wait until a meeting of the Audit Committee to enter into a RPT, such Transaction may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be ratified by the Audit Committee at its next scheduled meeting.

4.2.3. APPROVAL BY THE BOARD

If the Audit Committee determines that a RPT should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for the Board to approve the RPT, then the Board shall consider and approve the RPT at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

4.2.4. STANDING PRE-APPROVAL / OMNIBUS APPROVAL BY THE AUDIT COMMITTEE

The Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the Company subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on RPTs of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.



- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- c. 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 RPTs 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.1.00 crore (Rupees One Crore) per transaction.
- d. 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.
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year".

Such transactions will be deemed to be pre-approved 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 prior approval of the Audit Committee.

4.2.5. APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS

All Material RPTs shall require approval of the Shareholders through a special resolution and the Related Parties shall abstain from voting on such resolutions.

Provided that, Transactions entered into between a holding company and its wholly owned subsidiary, whose accounts are consolidated with such holding company and placed before the Shareholders at the general meeting for approval, will not require approval of Shareholders.

Explanation: For the purpose of Regulation 23 of SEBI LODR relating to RPTs, all entities falling under the definition of Related Parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction.

4.2.6. TRANSACTIONS NOT IN ORDINARY COURSE OF BUSINESS OR NOT AT ARM'S LENGTH

All RPTs in excess of the limits prescribed under the Act, which are not in the Ordinary Course of Business or not at Arm's Length shall also require the prior approval of the Shareholders through a special resolution and the Related Parties shall abstain from voting on such resolutions.

4.2.7. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

In the event the Company becomes aware of a RPT that has not been approved or ratified under this Policy, the Transaction shall be placed as promptly as practicable before the Audit Committee or the Board or the Shareholders as may be required in accordance with this Policy for review and ratification.



The Audit Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such Transactions 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 Audit Committee deems appropriate under the circumstances.

4.3. DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

Every RPT entered into by the Company shall be referred to in the Board's report to the Shareholders along with justification for entering into such Transaction. The CS and the CFO shall be, responsible for such disclosure. The CS shall also make necessary entries in the Register of Contracts required to be maintained under the Act.

5. SCOPE LIMITATION

In the event of any conflict between the provisions of this Policy and that of the Act, SEBI LODR, AS or any other statutory enactment, the provisions of the Act, SEBI LODR, AS or statutory enactment shall prevail over this Policy.

6. DISSEMINATION OF POLICY

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned personnel of the Company and shall be hosted on the intra-net and website of the Company and web link thereto shall be provided in the annual report of the Company.



NOTICE OF INTEREST BY DIRECTOR / KEY MANAGERIAL PERSONNEL

To,

The Company Secretary / Compliance Officer.
Gujarat Industries Power Company Limited
P.O.: Ranoli – 391 350,
Dist.: Vadodara.

Dear Sir,

- A. I,, son/daughter/spouse of, resident of, holding Shares (equity or preference) of Rs. 10/- each (..... percent of the paid-up Capital) in the Company in my name, being a in the Company, hereby give notice that I am interested directly/through my Relatives (Schedule) in the following company/ies, body corporate(s), firm(s) or other association(s) of individuals:

Sr. No.	Name of the Companies/ Bodies Corporate/Firms/ Associations of Individuals	Nature of Interest or concern / Change in Interest or Concern	Shareholding	Date on which Interest or Concern arose/changed

- B. Following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions:

Sr. No.	Name of the Body Corporate

- C. I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity).

Sr. No.	Name of the person	Relation

Signature:

Name:

Designation:

Place:

Date:



SCHEDULE

LIST OF RELATIVES Sr. No.	Relationship	Full Name	Address	Shareholding in <u>Limited</u>
1.	Spouse			
2.	Father (including Step-Father)			
3.	Son (including Step-son)			
4.	Son's Wife			
5.	Daughter			
6.	Daughter's husband			
7.	Brother (Including Step-Brother)			
8.	Sister (Including Step-Sister)			
9.	Mother (including Step-Mother)			
10.	Members of HUF			

ANNEXURE 2

INFORMATION TO BE PROVIDED TO THE AUDIT COMMITTEE / BOARD IN RELATION TO THE PROPOSED RELATED PARTY TRANSACTION (RPT) (TO THE EXTENT RELEVANT TO THE TRANSACTION):

1. Name of the Related Party and nature of relationship;
2. Nature and duration of the contract/transaction and particulars thereof;
3. Material terms of the contract or arrangement or transaction including the value, if any;
4. In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price / value and / or material terms of the contract or arrangement including a justification to the proposed variations;
5. Any advance paid / received or to be paid / received for the contract or arrangement, if any;
6. Manner of determining the pricing and other commercial terms, whether or not included as part of contract;
7. Copy of the draft MoU, agreement, contract, purchase order or correspondence etc., if any.
8. Applicable statutory provisions, if any;
9. Valuation reports in case of sale or purchase or leasing / renting of capital assets or securities;
10. Justification as to the arm's length nature of the proposed transaction;
11. Declaration whether the transaction is in the ordinary course of business;
12. Persons / authority approving the transaction; and
13. Any other information relevant or important for the Committee / the Board to take decision on the proposed transaction.

(Note: Pursuant to Provisions of Regulation 23(1) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015; as recommended by the Audit Committee at its Meeting held on Monday, the 22nd May, 2023; the Board of Directors of the Company had reviewed the Policy on Related Party Transactions (RPTs) at its Meeting held on Monday, the 29th May, 2023.)

