

GE Power India Limited
Related Party Transactions Policy

1. INTRODUCTION

GE Power India Limited (the “GEPIL”/“the Company”) recognises that certain relationships can present potential or actual conflicts of interest and may raise questions about whether transactions associated with such relationships are consistent with Company’s and its stakeholders’ best interests.

The Company has always been committed to good Corporate Governance practice as well as highest ethical and legal conduct in fulfilling its responsibilities. Nevertheless, considering the business activities of the Company and the industry where it operates, the Company may/shall engage with Related Parties in the ordinary course of business to leverage scale, size and drive operational synergies to provide value added, innovative products and/or services to its customers while ensuring that transactions with Related Parties are, fully compliant with applicable law/Regulations.

Therefore, this Policy regarding the review and approval of Related Party Transactions has been adopted by the Company's Board of Directors in order to set forth the procedures under which certain transactions must be reviewed and approved or ratified.

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with applicable Circulars (“ the Listing Regulations”), as amended from time to time, mandates formulation of a policy on transactions with Related Parties and dealing with Related Party Transactions. As part of its corporate governance practices, the Board of Directors (the “Board”) of GEPIL has adopted the following policy and procedure with regard to Related Party Transactions.

2. APPLICABILITY AND EFFECTIVE DATE

This Policy will be applicable to the Company with effect from 01 October 2014 to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations.

3. PURPOSE

This Policy is framed based on requirements of the Listing Regulations, as amended from time to time, and also to comply with the provisions of Section 188 of the Companies Act, 2013 and is intended to ensure the governance and reporting of transactions between the Company and its Related Parties

4. DEFINITIONS

“Act” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

“Arm’s Length basis” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arm’s Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

“Associate Company” means any other company, in which the Company has a significant influence, but which is not a Subsidiary company of the Company having such influence and includes a joint venture company

Explanation—For the purposes of this clause, “significant influence” means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement.

“Audit Committee” or “Committee” means “Audit Committee” of the Board of Directors of the Company.

“Board of Directors” or “Board” means the Board of Directors of the Company.

“Company” means GE Power India Limited.

“Group company” means a subsidiary of the Ultimate Holding Company;

“Key Managerial Personnel” means Key Managerial Personnel of the Company in terms of the Act and the Rules made thereunder.

“Material Modification(s)” means any variation having an impact on the monetary limits already approved by the Audit Committee, Board or shareholders, as the case may be, exceeding 30% of transactions, in each case, over and above the approved limits in relation to a Related Party Transaction approved by the Audit Committee or Board or a material related party transaction approved by the shareholders as the case may be or 4% of the total consolidated turnover of the Company for the previous financial year whichever is higher.

“Parent/Holding company” means a company that controls the composition of the Board of Directors; or exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies.

“Policy” means Related Party Transaction Policy of the Company.

“Related Party” will have the same meaning as defined under Section 2(76) of the Act and Regulation 2(1)(zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’).

Reference and reliance may be placed on the clarification issued by the Ministry of the Corporate Affairs, Government of India, SEBI and other competent Authorities from time to time on the interpretation of the term “Related Party”

“Related Party Transaction” will have the same meaning as defined under Regulation 2(1)(zc) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’). Without prejudice to the generality of the above, Related Party Transactions as per the Act shall include:

- i. Sale, purchase or supply of any goods or materials,
- ii. Selling or otherwise disposing of, or buying, property of any kind;
- iii. Leasing of property of any kind;
- iv. Availing or rendering of any services;
- v. Appointment of any agent for purchase or sale of goods, materials, services or property;
- vi. Such related party’s appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- vii. Underwriting the subscription of any securities or derivatives thereof, of the Company.

“Relatives” or “Relative” means Relative as defined in Section 2(77) of the Act.

“Transaction” shall be construed to include single transaction or a group of transactions in a contract;

“Ultimate Holding company” means General Electric Company, USA;

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulations.

5. POLICY

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

5.1. Identification of potential Related Party Transactions

1. Related Parties:

Related Parties shall be identified in accordance with the applicable provisions of Act and the rules made thereunder and the Listing Regulations, as amended from time to time.

2. GE Group Companies:

All fellow subsidiaries of General Electric Company, USA shall be considered as Related Parties.

3. Director, Key Managerial Personnel and connected Related Parties:

Each Director and Key Managerial Personnel shall disclose to the Company Secretary of the Company its Related Parties. The Board shall record the disclosure of Interest.

The Company shall also identify Related Party Transactions with Directors or Key Managerial Personnel of the holding company/ies or their relatives.

4. The Company will identify the potential transactions with the Related Parties.

5.2. Review and approval of Related Party Transactions

Audit Committee:

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolutions by circulation. Provided that only those members of the audit committee, who are independent directors or such members as may be prescribed under the Listing Regulations or any other law, as amended from time to time, shall approve related party transactions.

However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the Company which are repetitive in nature and are in the ordinary course of business and on at Arm's Length basis, subject to compliance of the conditions contained in Regulation 23 of the Listing Regulations and the Act read with rules made thereunder, as amended from time

Provided that where the need for related party transaction cannot be foreseen and required details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction or any other amount as may be prescribed under extant law/Listing Regulations.

Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions and/or prescribed under the Act and Rules thereunder, and the Listing Regulations.

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 shall not require prior approval of the Audit Committee.

Board:

If the Committee determines that a Related Party Transaction should be brought before 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 necessary or appropriate under the circumstances.

Shareholders:

All material Related Party Transactions and subsequent Material Modifications shall require prior approval (w.e.f. 01 April 2022) of the shareholders and Related Party/ies will not vote to approve the relevant resolution irrespective of whether the person/entity is a party to the particular transaction or not.

5.3. Material Related Party Transactions

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 Rupees one thousand crore or ten percent of the consolidated annual turnover as per the last audited financial statements of the Company, whichever is lower.

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, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

7. GENERAL PRINCIPLES

i) It shall be the responsibility of the Board to monitor and manage potential conflicts of interest of management, board members and shareholders, including abuse in Related Party Transactions for such transactions as may be recommended by the Audit Committee.

ii) The Independent Directors of the Company shall pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company.

iii) The Audit Committee shall have the following powers with respect to Related Party Transactions:

- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary

- To investigate any Related Party Transaction.

iv) The CFO of the Company is authorised to issue necessary guidelines/instructions for implementation of this Policy.

v) The Company while entering into any Related Party Transaction shall ensure that such Related Party Transaction is in the best interest of the Company and adheres to this Policy.

vi) The Company shall at all times maintain a database of company's related parties. The Related Party List shall be updated whenever necessary and reviewed at least annually along with Annual Financial Statements of the Company.

vii) This policy shall be applicable to the subsidiaries of the Company to the extent applicable as per the Act and the Listing Regulations.

viii) The Company shall formulate internal process clearly stating the detailed mechanism/procedure and accountability for undertaking Related party transactions. The said internal process shall be an integral part of this Related Party Transaction Policy.

8. DISCLOSURES

Requisite disclosures for transactions with Related Parties shall be disclosed to stock exchanges quarterly along with the compliance report on corporate governance.

Appropriate disclosure as required under the Act and Listing Regulations, as may be amended from time to time, be made in the Annual Report, Board Report, Company's website and to stock exchanges.

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.

9. AMENDMENTS IN LAW

Any subsequent amendment/modification in the Listing Regulations and/or other applicable laws in this regard shall automatically apply to this Policy. The Audit Committee of the Company shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company.

The Board shall review this policy at least once in every three years and update accordingly.

Note: The RPT Policy was last amended by the Board of Directors in its meeting held on 14 November 2018 thereafter amended by the Board of Directors in its meeting held on 21 March 2022.