



## GE T&D India Limited

### Related Party Transactions Policy

(Revised w.e.f. May 22, 2019)

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#### 1. INTRODUCTION

GE T&D India Limited (the "GETDIL"/"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 arm's length basis 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.

The equity listing agreement with stock exchanges 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 GETDIL 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 listing agreement entered by the Company with the stock exchanges 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 T&D 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 Companies Act, 2013 and the Rules made thereunder.

**“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 Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with statutory requirements and other industry practices and guidelines

**“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.

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

**“Related Party Transaction”** means transaction in the nature of contract involving transfer of resources, services or obligations between the Company and the Related Party, regardless of whether a price is charged.

Without prejudice to the generality of the above, Related Party Transactions as per the Companies Act, 2013 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.

As per the requirements of the Listing Regulations and the Act, Related Party Transactions must be reported to the Audit Committee for its approval and recommendation by the Committee for the approval of the Board, as may be applicable.

### 5.1. Identification of potential Related Party Transactions

#### 1. Related Parties:

Related Parties shall be identified in accordance with the applicable provisions of Companies Act, 2013 and the rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/ Listing Agreement, as amended from time to time.

#### 2. GE Group Companies: All fellow subsidiaries of **the Company** 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 their Related Parties. The Board shall record the disclosure of Interest.

The Company shall at all times maintain a database of company's related parties. The Related Party List shall be updated whenever necessary and shall be reviewed at least annually.

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 as may be provided by the Act and rules made thereunder or by Secretarial Standards issued by the Institute of the Company Secretaries of India read with the Articles of Association of the Company.

However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by 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.

The Committee shall also satisfy itself of the need for such omnibus approval and that such approval is in the interest of the Company. Omnibus approval granted by the Audit Committee shall be valid for a period of one year and shall require fresh approval after the expiry of one year. Additionally, approval of the Audit Committee should also be obtained when the transactions exceed the limit specified in the approval.

The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to either the omnibus approval / specific approval granted by it.

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 Companies Act, 2013 and Rules thereunder, and the Listing Agreement with the Stock Exchanges.

The Audit Committee of the Company shall recommend to the Board, any related party transactions not approved by them, other than those specified under the Act. In case any transaction involving any amount not exceeding INR 1 crore 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 transaction, such transaction shall be voidable at the option of the Audit 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.

### **Board:**

All Related Party Transactions which are either not in the ordinary course of business or not at arm's length price require Board approval. 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.

Any member of the Board who has an interest in any Related Party Transaction, shall recuse him or herself and abstain from discussion and voting on the approval of such Related Party Transaction

**Shareholders:**

All material Related Party Transactions shall require approval of the shareholders through resolution 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.

All 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 if so required under any law and the Related Parties shall not vote to approve the relevant resolution.

**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 ten percent of the consolidated annual turnover as per the last audited financial statements of the Company.

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 two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

**6. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

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

The Audit Committee/Board of Directors/Shareholders shall consider all relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

**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.
- 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.

## **8. DISCLOSURES**

Details of all material 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 SEBI Listing Regulation, 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 agreement 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.