

# GMR Hyderabad International Airport Limited



## *Policy on Related Party Transactions (RPTs)*



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## **1. INTRODUCTION:**

GMR Hyderabad International Airport Limited is a company incorporated under the Companies Act, 1956, (the “Company”) engaged in operation, management and development of Rajiv Gandhi International Airport, Hyderabad.

The Board of Directors (the “Board”) of the Company 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:**

The Board of Directors (the “Board”) of the Company understands the importance of stakeholders’ confidence and trust in the Company. In order to preserve the same with transparency and to ensure that there is no conflict of interest inflicting any apprehension in the minds of its stakeholders, the Board of the Company, acting upon the recommendation of its Audit Committee (the “Committee”), has adopted the following policy and procedures with respect to Related Party Transactions of the Company.

The policy is not only in the best interests of its stakeholders but also in due compliance with the requirements of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). Pursuant to Regulation 23 of the Listing Regulations, a policy needs to be formulated to deal with Related Party Transactions including formulating a policy on materiality of Related Party Transactions.

Accordingly, the Company has formulated this Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions. This Policy regulates all transactions between the Company and its Related Parties.

The Board of Directors of the Company (“Board”) on recommendation of the Audit Committee of the Company (“Audit Committee”) shall review the Policy once in three years and may amend the same from time to time.

### **1.2. DEFINITIONS:**

*1.2.1. “Act” means the Companies Act, 2013.*

*1.2.2. “Arm’s Length Transaction” means a transaction as defined under Companies Act, 2013 i.e., a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.*

*1.2.3. “Associate Company” in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.*

*For the purposes of this clause, “significant influence” means control of at least twenty percent of total voting power, or control of or participation in business decisions under an agreement*



- 1.2.4. *“Audit Committee” means Audit Committee of the Board of Directors of the Company constituted under the provisions of the Companies Act, 2013 and Listing Regulations.*
- 1.2.5. *“Board” means the Board of Directors of the Company.*
- 1.2.6. *“Company” means GMR Hyderabad International Airport Limited.*
- 1.2.7. *“Director” means a person as defined under Section 2(34) of the Companies Act, 2013.*
- 1.2.8. *“High Value Debt Listed Entity” (listed entity) means an entity which has listed its non-convertible debt securities (‘NCDs’) and has the value of principal outstanding of listed NCDs of Rs. 500 crores and above.*
- 1.2.9. *“Key Managerial Personnel” or “KMP” means Key Managerial Personnel of the Company in terms of Section 2(51) of the Act and the Rules made thereunder, which includes:*
- (i) Managing Director or Chief Executive Officer or the Manager and in their absence a whole-time Director;
  - (ii) Company Secretary; and
  - (iii) Chief Financial Officer.
  - (iv) such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and
  - (v) such other officer as may be prescribed;
- 1.2.10. *“Material Related Party Transactions” would mean the following:*
- A. a transaction with a related party, if the transaction/ transactions to be entered individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower or such other limit in terms of the Listing Regulations in force from time to time.
  - 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 Company as per the last audited financial statements.
- 1.2.11. *“Material Modification” of Related Party Transaction will mean and include any modification to an existing Related Party Transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.*
- 1.2.12. *“Ordinary Course of Business” means the usual transactions that are necessary, normal and incidental to the business, common commercial practice, 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.*



- 1.2.13. *“Policy” means Related Party Transaction Policy of the Company.*
- 1.2.14. *“Related Party” means, a person or an entity:*
- (i) which is a related party under Section 2(76) of the Act, as amended from time to time; or
  - (ii) which is a related party under the applicable accounting standards.
  - (iii) which is a related party under Regulation 2(1) (zb) of the Listing Regulations.
- 1.2.15. *“Related Party Transaction” or “RPTs” means:*
- (i) transaction(s) in the nature of contract involving transfer of resources, services or obligations between the Company and the Related Party, specifically including transactions under Section 177 and Section 188 of the Act including rules thereunder,
  - (ii) transaction(s) as defined in Indian Accounting Standard (Ind AS) 24.
  - (iii) transaction(s) as defined in Regulation 2(1) (zc) of the Listing Regulations.
- 1.2.16. *“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;
    - i. Father (including step-father)
    - ii. Mother (including step-mother)
    - iii. Son (including step-son)
    - iv. Son’s wife
    - v. Daughter
    - vi. Daughter’s husband
    - vii. Brother (including step-brother)
    - viii. Sister (including step-sister)
- 1.2.17. *“Regulation” / “Listing Regulations” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification and amendment thereof as may be issued from time to time.*
- 1.2.18. *“Subsidiary Company” means as defined under Section 2(87) of the Companies Act, 2013 read with rules issued thereon, including any statutory modification and amendment thereof as may be issued from time to time.*
- 1.2.19. *“Turnover” means as defined under Section 2(91) of the Companies Act, 2013 read with related rules issued thereon, including any statutory modification and amendment thereof as may be issued from time to time.*



Words and expressions used in this Policy shall have the same meanings respectively assigned to them in the following:

- i. The Companies Act, 2013 or the Rules framed thereunder;
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## **2. POLICY:**

All Related Party Transactions and subsequent modifications must be reported to the Audit Committee and if applicable, be referred by the Audit Committee to the Board of Directors for approval in accordance with this Policy.

This Policy shall come into effect from January 20, 2023 post adoption by Board of Directors and supersede the existing policy on Related Party Transactions.

## **3. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS:**

Every Director and Key Managerial Personnel will be responsible for providing a Disclosure of Interest pursuant to Section 184 of the Companies Act, 2013 in the prescribed format, to the Company Secretary on an annual basis.

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

The Company Secretary shall be responsible to maintain an updated database of information pertaining to Related Parties reflecting details of:

- 1) All Directors and Key Managerial Personnel;
- 2) All individuals, partnership firms, companies and other persons as declared and updated by Directors and Key Managerial Personnel;
- 3) Company's holding company, subsidiary companies and associate companies; and
- 4) 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 Listing Regulations or the relevant Accounting Standard.

The database shall be updated whenever necessary and shall be reviewed periodically by the Company Secretary and/ or Chief Financial Officer.



#### **4. REVIEW AND APPROVAL OF RPTs**

##### **4.1. 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, only those members of the Audit Committee who are independent directors shall approve related party transactions.
- Every related party transaction to be entered into by the subsidiary of the Company to which the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds:
  - a) Ten percent of the annual consolidated turnover, as per the last audited financial statements of the Company; or
  - b) With effect from April 1, 2023, ten percent of standalone turnover, as per the last audited financial statements of the subsidiary.

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

- The Audit Committee shall be provided 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.
- 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:
  - a) 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.
  - 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 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 rupees one crore (Rs. 1,00,00,000) 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 financial year and shall require fresh approvals after the expiry of one financial year.
- f) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- g) Conditions as approved by the Board of Directors, from time to time.

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 shall not require approval of Audit Committee or shareholders:

- (i) Any transaction that involves the providing of compensation to a director or KMP in connection with his or her duties to the Company or any of its subsidiaries or associates including the reimbursement of reasonable business and travel expenses incurred in the Ordinary Course of Business.
- (ii) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
- (iii) Contribution towards Corporate Social Responsibility (CSR) within the overall limits approved by the Board that require approval of the CSR Committee.

## 4.2. BOARD

In the event of any related party transaction, 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 Act and the Rules framed there-under and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.





Further, if the Audit Committee determines that a Related Party Transaction should be brought before the Board, or where Audit 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.

A Director, if interested in any Related Party Transaction, shall not be present at the meeting, whether physically or through Electronic mode, during discussions and shall not vote on such item.

#### **4.3. SHAREHOLDERS**

All Material Related Party Transactions and subsequent Material Modifications thereof shall require prior approval of the shareholders through resolution. No related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

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.

All existing material related party contracts or arrangements entered into prior to the date of notification of SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 and which may continue beyond such date shall be placed for approval of shareholders in the first general meeting subsequent to notification of SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021.

All the 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 prior approval of the shareholders through resolution, if so required under any law, and the Related Parties shall abstain from voting on such resolution.

Any Related Party Transaction or Material Related Party Transaction if entered into with a Wholly Owned Subsidiary, whose accounts are consolidated with the Company and placed before the shareholders of the Company at General Meetings for approval, shall not require approval of the Shareholders.

Any related party transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with Company and placed before the shareholders at the general meeting for approval, shall not require approval of the shareholders.

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the information as required under the Listing Regulations.



#### **4.4. 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 in Regulation 23 of the Listing Regulations 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.

All Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not:

Provided that prior approval of the shareholders of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

#### **4.5. RPTs NOT APPROVED UNDER THIS POLICY**

An RPT involving amount not exceeding one crore rupees (INR 1,00,00,000 /-) 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 Audit Committee and if the transaction is with the Related Party to any director or is authorized by any other director, the director concerned shall indemnify the company against any loss incurred by it.

In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

### **5. 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 to the stock exchanges disclosures of related party transactions in the format as specified by the SEBI from time to time, and publish the same on its website. Provided that Company being a 'high value debt listed entity' shall submit such disclosures along with its standalone financial results for the half year basis.

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.



## 6. **AMENDMENT**

Any amendment or modification to the relevant Statutes, the Listing Regulations, and any other applicable regulation relating to Related Party Transaction(s) shall be deemed to be incorporated in this policy and be applicable to the Company.

## 7. **REVIEW OF POLICY**

This Policy shall be reviewed and reassessed periodically, being once in Three (3) years and appropriately update the Terms of Reference, based on the changes that may be brought about due to any regulatory amendments or otherwise.

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*This Policy was originally approved by the Board of Directors on 30-01-2015 and further amended on 20-01-2023.*

Sl. No.	Reviewed By	Review Date	Approved By	Approval Date
01.	Audit Committee	30-01-2015	Board of Directors	31-01-2015
02.	Audit Committee	20-01-2023	Board of Directors	20-01-2023