



Gayatri Projects Limited

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

Adopted by the Board of Directors on October 01, 2014

The policy has been modified by the Board on 29th March, 2019 and 17th September, 2022

MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS

1. Introduction

Gayatri Projects Limited (hereinafter referred to as "GPL" or "The Company") recognizes that Related Party Transactions (as defined below) may have potential or actual conflicts of interest and may raise questions whether such transactions are consistent with the Company and its shareholders' best interests and in compliance to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) as amended from time to time.

1.1 About the company

Gayatri Projects Limited (GPL) was originally incorporated on September 15, 1989 as Andhra Coastal Construction Private Limited in the state of Andhra Pradesh for undertaking construction activities. The name of the company was changed to Gayatri Projects Private Limited with effect from March 31, 1994 and was converted into a public limited Company on December 2, 1994. On April 1, 1994 Gayatri Projects Private Limited took over all the assets of Gayatri Engineering Company, a partnership firm which was established in the year 1975 as "Special Class Contractors" on a going concern basis. Gayatri Engineering Company had been undertaking civil and engineering works of various state governments, central governments, public / autonomous bodies / corporations. The Company has become a listed Company on 17th October 2006 by listing in the Mumbai Stock Exchange.

GPL is an ISO 9001 – 2001 Company engaged in the execution of major Civil Works including Concrete/Masonry Dams, Earth Filling Dams, National Highways, Bridges, Canals, Aqueducts, Ports, etc.

1.2 Scope and purpose of the policy

The Board of Directors of the Company has adopted the following policy and procedures with regard to Related Party Transactions. The Audit Committee will review and may amend the policy as and when required subject to approval of the Board.

The objective of this policy is to regulate transactions between the Company and its Related Parties as determined based on the Companies Act, 2013, Listing Regulations and any other laws and regulations as may be applicable to the Company.

2. Definitions

2.1 Act:

"Act" means the Companies Act, 2013 including any amendment or modification thereof.

2.2 Arm's Length Transaction:

"Arm's Length Transaction" means a transaction between two related parties that is conducted as if they were unrelated.

2.3 Associate:

"Associate" means a company as defined under section 2(6) of the Companies Act, 2013 and as defined by applicable accounting standard".

2.4 Audit Committee:

"Audit Committee" means the Committee of the Board formed under section 177 of the Act and Regulation 18 of the Listing Regulations.

2.5 Body Corporate:

"Body Corporate" means an entity as defined in Section 2(11) of the Companies Act, 2013.

2.6 Listing Regulations:

"Listing Regulations" means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

2.7 Company:

"Company" means Gayatri Projects Limited.

2.8 Director:

"Director" means a person as defined in Section 2(34) of the Companies Act, 2013.

2.9 Material Related party Transactions:

"Material Related Party Transactions" shall mean a transaction as defined as material in Regulation 23 of the Listing Regulations or any other law or regulation including any amendment or modification thereof, as may be applicable.

2.10 Ordinary course of business:

"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.

2.11 Relative:

"Relative" with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder.

2.12 Related party:

"Related Party" means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act or under the applicable accounting standards.

Provided that:

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (b) any person or any entity, holding equity shares:

- (i) of twenty per cent or more; or

- (ii) of ten per cent or more, with effect from April 1, 2023;

- in the listed entity 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

2.13 Related party transactions:

"Related Party Transactions" shall mean such transactions as specific under Section 188 of the Act or rules made thereunder and Regulation (zc) of Regulation 1 and Regulation 23 of the Listing Regulations, including any amendment or modification thereof, as may be applicable.

2.14 Materiality of Related Party Transaction(s):

Contracts / arrangements with a related party shall be considered as material related party contracts / arrangements if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year under such contracts / arrangements exceed rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statement or such sum or limit as may be prescribed under the Listing Regulations.

2.15 transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction to be entered into individually or taken together with previous transactions during a financial year exceeds five percent of the annual consolidated turnover of the Company as per the last audited financial statement of the Company.

2.16 Subsidiary:

"Subsidiary" means a company as defined in Section 2(87) of the Companies Act, 2013.

2.17 Related Party Transaction(s) of the Subsidiary:

Related Party Transaction(s) where the Subsidiary of the Company is a party to the transaction(s)/contract(s)/arrangement(s) with a related party but the Company is not a party.

2.18 Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations, Securities Contract Regulation Act or any other applicable law or regulation.

3. Related party transactions under the policy

3.1 Any transfer of resources, services or obligations between the company and a related party, would get covered as a '**Related Party Transaction**', whether or not, there is an element of consideration or price.

3.2 Prohibited Related party transactions

Any transaction with a Related Party can be undertaken only if it is in compliance with the law.

3.3 Approval Process

All Related Party Transaction(s) of the Company and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Board of Directors or the Shareholders of the Company, as the case may be, as required under and subject to the Act and the Listing Regulations.

All Related Party Transaction(s) of the Subsidiary exceeding the threshold of material related party transactions as specified in Regulation 23 of the Listing Regulations and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Shareholders of the Company, as the case may be.

The Audit Committee may grant omnibus approval for the proposed Related Party Transaction subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b. The Audit Committee 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 the following:
 - Name(s) of the Related Party;
 - Nature of the 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.

- d. In such cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1.00 crore per transaction;
- e. The 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;
- f. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

The Audit Committee will have the discretion to recommend / refer any matter relating to the Related Party Transaction to the Board for the approval.

In the event transaction, contract or arrangement with the Related Party is either not in the ordinary course of business or is not at arm's length or both, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board and its shareholders, as applicable.

4. Transactions at arm's length

The Company has laid down a framework to assess whether transactions with related parties are done at an arm's length and company adopts generally accepted practices and principles in determining whether the transaction is at "arms' length".

5. Disclosure by Directors/ KMPs

A. Disclosure of interests

- All Directors/ KMPs are required to disclose the entities in which they or their relatives are or deemed to be interested, in the prescribed form.
- Each Director and KMP of the Company shall promptly notify the Company Secretary of any material transaction or Relationship that could reasonably be expected to give rise to any conflict of interest.
- The Company shall maintain Register in the prescribed form.
- The company shall disclose the policy on dealing with Related Party Transactions on its website and a weblink thereto shall be provided in the Annual Report.
- Details of all material transactions with related parties shall be disclosed, quarterly in the Compliance Report on Corporate Governance, as required under Listing Regulations.

B. Disclosure of Related Party Transaction entered with the company

Each Director and KMPs of the Company is responsible for providing declaration/ notice in the prescribed Form to the Company Secretary about Related Party Transaction involving the Company and him or her or an entity wherein he/ she or his / her relative is interested, including any additional information about the transaction that the Company Secretary may reasonably request.

6. Guiding Principles for approval of a Related Party Transaction by the Board/ Audit Committee thereof

To review a Related Party Transaction, the Board/ Audit Committee will be provided with all the relevant information pertaining to the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and any other matter, as may be required. In determining whether approval needs to be accorded to a Related Party Transaction, the Board/ Audit Committee will consider the following factors:

- Whether the terms of the Related Party Transaction are fair to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would impair the independence of an otherwise Independent Director;
- Whether the Related Party Transaction would present an improper conflict of interest for any Director, or KMP of the Company, taking into account the size of the transaction, the overall interest of the Director, KMP or other Related Party, the direct or indirect nature of the Director, KMP or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/ Audit Committee deem fit to consider.

7. Amendment

The Board of the Company shall review the policy once in every 3 years and may, on the recommendation of the Audit Committee, amend this Policy from time to time. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Act and SEBI Regulations.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail over the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.