

GAYATRI HIGHWAYS LIMITED

***POLICY ON
RELATED PARTY TRANSACTIONS***

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1. Introduction

Gayatri Highways Limited (hereinafter referred to as “GHL” or “the Company”) recognizes that Related Party Transactions (as defined below) may have a potential or actual conflict 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. Therefore this Related Party Transactions policy (“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.

1.1 About the company

Gayatri Highways Limited (GHL) was originally incorporated on 28th December, 2006 as Gayatri Domicile Private Limited in the state of Andhra Pradesh (presently Telangana) to operate as a construction and investment Company.

The Gayatri Infra Ventures Limited (GIVL), Holding Company Gayatri Projects Limited (GPL) and fellow subsidiary Gayatri Domicile Private Limited approached the Honorable NCLT for a Composite Scheme of Arrangement, wherein Gayatri Infra Ventures Limited merged with its parent company Gayatri Projects Limited and all the BOT Road Assets were demerged into Gayatri Highways Limited (erstwhile name Gayatri Domicile Private Limited).

Gayatri Domicile Private Limited Changed its Name to Gayatri Highways Limited (GHL) to better reflect the nature of Business carried out.

NCLT ordered for the implementation of the Composite Scheme of Arrangement vide their order dated on 3rd November 2017.

1.2 Scope and purpose of the Policy

The Board of Directors of the Company has adopted the following 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 based on the Act, Listing Regulations and any other laws and regulations as may be applicable to the Company.

1.3 Amendments to this Policy

The Audit Committee may, for the purpose of aligning this Policy with the regulatory changes, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy.

The Board may also make any amendments to the Policy from time to time, based on the recommendations of the Audit Committee. Further, the Board will review this Policy from time to time as prescribed under the Act or Listing Regulations.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy.

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 Indian Accounting Standard (AS) 28, “Accounting for Investments in Associates in Consolidated Financial Statements”.

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 Highways Limited.

2.8 Director:

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

2.9 Employee:

“Employee” shall mean the employees and office-bearers of the Company, including but not limited to Whole Time Directors.

2.10 Key Managerial Personnel:

“Key Managerial Personnel” shall mean the officers of the Company as defined in Section 2(51) of the Companies Act, 2013 and rules prescribed thereunder.

2.11 Material Related party Transactions:

“A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rupees One thousand Crores or ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

All related party transactions [and subsequent material modifications] shall require prior approval of the audit committee of the listed entity.

Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.]

Provided further that:

(a) a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds Rupees One thousand Crores or ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;

(b) with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, Rupees One thousand Crores or exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

(c) prior approval of the audit committee of the listed entity 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.

For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.

2.11A Material Modifications:

“Material Modifications” will mean and include any modification to an existing related party transaction having variance of 25% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

2.12 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.

2.13 Policy:

“Policy” means this Policy, as amended from time to time.

2.13 Relative:

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

2.14 Related party:

“Related Party” means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act and Reg. 2(zb) of Listing Regulations.

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:*
- (c) of twenty per cent or more; or*
- (d) 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:”

2.15 Related party transactions:

“Related Party Transactions” shall mean such transactions as specific under Section 188 of the Act or rules made thereunder and Regulation 2(zc) & 23 of the Listing Regulations, including any amendment or modification thereof, as may be applicable.

“2(zc) “related party transaction” means a transaction involving a transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or*

(ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that the following shall not be a related party transaction:

(a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

i. payment of dividend;

ii. subdivision or consolidation of securities;

iii. issuance of securities by way of a rights issue or a bonus issue; and

iv. buy-back of securities.

(c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);”

2.16 Subsidiary:

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

2.17 Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations, the Securities Contract (Regulation) Act, 1956, the Depositories Act, 1996 or any other applicable law or regulation.

3. Related party transactions under the policy

3.1 Following transactions entered with a Related Party are considered as Related Party Transactions as per Companies Act, 2013:

- sale, purchase or supply of any goods or materials;
- selling or otherwise disposing of, or buying, property of any kind;
- leasing of property of any kind;

- availing or rendering of any services;
- appointment of any agent for purchase or sale of goods, materials, services or property;
- such related party's appointment to any office or place of profit in the Company, its Subsidiary Company or Associate Company; and
- underwriting the subscription of any securities or derivatives thereof, of the Company.

3.2 Approval Process

The Company will enter into any Related Party Transactions only with the prior approval of the Audit Committee. 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 case of Material Related Party Transaction, the approval of the shareholders by way of special resolution is also required irrespective of the fact whether the transaction, contract or

arrangement is in the ordinary course of business or at arm length or both and the Related Party shall abstain from voting on such resolutions.

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.

The following types of transactions require approval from shareholders:

- Transactions not in the ordinary course of business
- Transactions in the ordinary course of business if not done at an arm's length
- Material Transactions as defined under Regulation 23 of the Listing Regulations.

All material related party transactions [and subsequent material modifications as defined by the audit committee under sub-regulation (2)] 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 a listed entity 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.

Explanation: 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.

Provided further that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved

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. Disclosures

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.

B. Disclosure of Company

- The Company shall disclose, in the Board's Report, transactions prescribed in Section 188(1) of the Act with related parties.
- The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.
- Details of all material transactions with related parties shall be disclosed as required under the Listing Regulations.

C. Disclosure of Related Party Transaction entered with the Company

Each Director and KMP 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. The Company Secretary in consultation with the management and an independent counsel, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

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.

In case the Board/ Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Board/ Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Board/ Audit Committee has authority to modify or waive any procedural requirements of this Policy.

7. Consequences of non-compliance of such policy for any Related party transaction

Non-compliance of this Policy may lead to initiation of disciplinary proceedings against the employee.

Details of such disciplinary proceedings will form part of the personal file of such employee and will be considered as a default on his or her key responsibilities.

The above would be over and above the prescribed penal consequences under Companies Act, Listing Regulations, Securities Contract Regulation Act, 1956 or the employee standing order of the Company.

8. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee.

The Audit Committee shall consider all of the 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 Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

8. Effective date of the Policy

The Policy shall be effective with effect from April, 01 2022