

**Adani Electricity Mumbai Limited
Related Party Transaction Policy**

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1. Preamble

The Board of Directors (the "Board") of Adani Electricity Limited ("AEML"), has adopted the following policy and procedures with regard to Related Party Transactions as defined below.

This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable on the Company including the Companies Act, 2013.

2. Purpose

This policy is intended to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

3. Definitions

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

"Arm's length transaction" 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.

"Audit Committee or Committee" means "Audit Committee" constituted by the Board of Directors of the Company under provisions of SEBI LODR and Companies Act, 2013 as amended from time to time.

"Associate Company" means any other Company, in which the Company has a significant influence, means control of at least twenty per cent of total share capital, or business decisions under an agreement but which is not a Subsidiary Company of the Company having such influence and includes a joint venture company.

"Board of Directors" or "Board" means the Board of Directors of the Company, as constituted from time to time.

"Company" means Adani Electricity Mumbai Limited

"Group" - A holding and its subsidiaries

"Investor" means Qatar Holdings LLC

"Policy" means Related Party Transaction Policy.

"relative", with reference to any person, means any one who is related to another, if—

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (1) Father includes step-father.
- (2) Mother includes the step-mother.
- (3) Son includes the step-son.
- (4) Son's wife.
- (5) Daughter.
- (6) Daughter's husband.
- (7) Brother includes the step-brother;
- (8) Sister includes the step-sister.
- (iii) one person is related to the other in such manner as may be prescribed;

"Related Party"

I. Under Companies Act, 2013 Section 2(76)

Related Party includes:

- (i) A 'Director' or his 'Relative',
- (ii) 'Key Managerial Personnel' (KMP) or his 'Relative',
- (iii) A firm in which a Director / Manager or his Relative is a Partner,
- (iv) A Private Company in which a Director / Manager or his relative is a Member or Director
- (v) A Public Company in which a Director / Manager is a Director and holds, alongwith his Relatives, more than 2% of its paid-up share capital
- (vi) Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with the advice, directions or instructions (except given in professional capacity) of a Director or Manager;
- (vii) Any person on whose advice, directions or instruction (except given in professional capacity) a Director or Manager is accustomed to act,
- (viii) Any company which is –
 - (A) a holding, subsidiary or an associate company of such company; or
 - (B) a subsidiary of a holding company to which it is also a subsidiary
- (ix) Such other person as may be prescribed:

-A director (other than an independent director) or key managerial personnel of the Holding Company or his relative with reference to a Company

II Under Indian Accounting Standard 24

A related party transaction is a transfer of resources, services or obligations between a Reporting Entity ('RE') and a 'Related Party', regardless of whether a price is charged.

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'Reporting Entity' or 'RE').

(A) A person or a close member of that person's family is related to RE, if that person:

(a) has control or joint control of the reporting entity

(i) Individuals having power (contractual or otherwise) to direct RE's relevant activities to affect its variable returns

(ii) Individuals holding (directly) more than 50% of voting rights in RE

(iii) Individuals holding (jointly with any other person under contractual agreement) more than 50% of voting rights in RE

(iv) Close members of family of above individuals:

-that person's children, spouse or domestic partner, brother, sister, father and mother;

-children of that person's spouse or domestic partner; and

-dependents of that person or that person's spouse or domestic partner.

(b) has significant influence over the reporting entity

(i) Individuals holding (directly) 20% or more of voting rights in RE

(ii) Individuals holding (indirectly) through one or more entities controlled by them, 20% or more of voting rights in RE

(iii) Individuals holding 20% or more of voting rights in RE in combination of (i) or (ii) above

(iv) Close members of family of above individuals:

- that person's children, spouse or domestic partner, brother, sister, father and mother;

- children of that person's spouse or domestic partner; and dependents of that person or that person's spouse or domestic partner.

(c) is a member of Key Management Personnel of RE or of a parent of RE

(i) Chief Executive Officer, Chief Financial Officer, Company Secretary, Manager of RE

(ii) Board of Directors (Executive / Non-Executive) of RE

(iii) Any person in accordance with whose directions or instructions the Board of Directors of RE is accustomed to act

(iv) Chief Executive Officer, Chief Financial Officer, Company Secretary, Manager of Parent of RE

- (v) Board of Directors (Executive / Non-Executive) of Parent of RE
- (vi) Any person in accordance with whose directions or instructions the Board of Directors of Parent of RE is accustomed to act
- (vii) Close members of family of above individuals:
 - that person's children, spouse or domestic partner, brother, sister, father and mother;
 - children of that person's spouse or domestic partner; and
 - dependants of that person or that person's spouse or domestic partner.

(B) An entity is related to a reporting entity if any of the following conditions applies:-

(a) The entity and the reporting entity are members of the same group

- (i) Holding Company (immediate, Intermediate and Ultimate) of RE
- (ii) Subsidiaries (including step subsidiaries) of RE
- (iii) Other Subsidiaries of Holding Company (including step subsidiaries) of RE

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

- (i) Entities in which RE (directly) holds 20% or more of the Voting Power
- (ii) Entities which (directly) hold 20% or more of Voting Power in RE
- (iii) Joint Ventures of RE
- (iv) Joint Venturers of RE (if RE itself is a Joint Venture Entity)
- (v) Entities in which Parent Entity of RE (directly) holds 20% or more of the Voting Power
- (vi) Entities in which Subsidiaries of RE (directly) holds 20% or more of the Voting Power
- (vii) Entities in which subsidiaries of Parent Entity of RE (directly) holds 20% or more of the Voting Power
- (viii) Entities which (directly) hold 20% or more of Voting Power in Parent Entity of RE
- (ix) Entities which (directly) hold 20% or more of Voting Power in Subsidiaries of RE
- (x) Entities which (directly) hold 20% or more of Voting Power in Subsidiaries of Parent Entity of RE
- (xi) Joint Ventures of Parent Entity of RE
- (xii) Joint Ventures of Subsidiaries of RE
- (xiii) Joint Ventures of Subsidiaries of Parent Entity of RE
- (xiv) Joint Venturers of Parent Entity of RE
- (xv) Joint Venturers of Subsidiaries of RE

(xvi) Joint Venturers of Subsidiaries of Parent Entity of RE

(c) Both entities are joint ventures of the same third party.

(i) In case RE itself is a Joint Venture Entity, then all other Joint Venture Entities of its Joint Venturers

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(i) In case RE itself is a Joint Venture Entity, then all Associates of its Joint Venturer(s)

(ii) In case RE itself is an Associate of an Entity, then all Joint Ventures of such Entity

(e) The entity is a post-employment benefit²⁵ plan²⁶ for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(i) Any Provident / Pension / Superannuation / Insurance / Medical Care Fund Trust for the benefit of employees of RE or for the employees of any other related entity of RE

(ii) If RE itself is such a Plan – then Sponsoring Employer

(f) The entity is controlled or jointly controlled by a person identified in (A) above Identified Individuals

(i) Entities in which Identified Individuals having power (contractual or otherwise) to direct their relevant activities to affect its variable returns

(ii) Entities in which Identified Individuals hold (directly) more than 50% of voting rights

(iii) Entities in which Identified Individuals hold (jointly with any other person under contractual agreement) more than 50% of voting rights

(g) A person identified in [(A)(a)] has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
Distinguished Individuals]

(i) Entities in which Distinguished Individuals hold (directly) 20% or more of voting rights

(ii) Entities in which Distinguished Individuals hold (through one or more entities controlled by them) 20% or more of voting rights

(iii) Entities in which Distinguished Individuals hold 20% or more of voting rights in combination of (i) or (ii) above
(iv) Entities in which Distinguished Individuals hold the position of Key Management Personnel

(v) Subsidiaries of Entities in (iv) above

(h) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

- (i) Entity which provide Key Management Personnel Services to RE
- (ii) Entity which provide Key Management Personnel Services to the parent of RE
- (iii) Parent Entity of Entity identified at (i) and (ii) above)
- (iv) Subsidiaries of Entity identified at (i) and (ii) above)
- (v) Subsidiaries of Parent Entity of Entity identified at (i) and (ii) above)

III Under the Income Tax Act

Section 40A(2)(a)

The persons referred to in clause (a) of Section 40A(2) are the following, namely:—

- (i) where the assessee is an individual - any relative of the assessee;
- (ii) where the assessee is a company, firm, association of persons or Hindu un-divided family - any director of the company, partner of the firm, or member of the association or family, or any relative of such director, partner or member;
- (iii) any individual who has a substantial interest in the business or profession of the assessee, or any relative of such individual;
- (iv) a company, firm, association of persons or Hindu undivided family having a substantial interest in the business or profession of the assessee or any director, partner or member of such company, firm, association or family, or any relative of such director, partner or member or any other company carrying on business or profession in which the first mentioned company has substantial interest;
- (v) a company, firm, association of persons or Hindu undivided family of which a director, partner or member, as the case may be, has a substantial interest in the business or profession of the assessee; or any director, partner or member of such company, firm, association or family or any relative of such director, partner or member;
- (vi) any person who carries on a business or profession,—
 - where the assessee being an individual, or any relative of such assessee, has a substantial interest in the business or profession of that person; or
 - where the assessee being a company, firm, association of persons or Hindu undivided family, or any director of such company, partner of such firm or member of the association or family, or any relative of such director, partner or member, has a substantial interest in the business or profession of that person.

Explanation:

For the purposes of this sub-section, a person shall be deemed to have a substantial interest in a business or profession, if,—

(a) in a case where the business or profession is carried on by a company, such person is, at any time during the previous year, the beneficial owner of shares (not being shares entitled to a fixed rate of dividend whether with or without a right to participate in profits) carrying not less than twenty per cent of the voting power; and

(b) in any other case, such person is, at any time during the previous year, beneficially entitled to not less than twenty per cent of the profits of such business or profession.

IV Under Good and Services Tax (GST) Act

Section 15 (5)

Explanation.—For the purposes of this Act,— (a) persons shall be deemed to be “related persons” if— (i) such persons are officers or directors of one another’s businesses; (ii) such persons are legally recognised partners in business; (iii) such persons are employer and employee; (iv) any person directly or indirectly owns, controls or holds twenty-five per cent. or more of the outstanding voting stock or shares of both of them; (v) one of them directly or indirectly controls the other; (vi) both of them are directly or indirectly controlled by a third person; (vii) together they directly or indirectly control a third person; or (viii) they are members of the same family;

“Promoter” means Adani Transmission Limited

“Related Party Transaction” in relation to a company, means—

under Section 188 includes

- (a) sale, purchase or supply of any good or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) related party’s appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof of the company;

As per Section 188 of the Act, all the related party transactions requires prior approval of Board and/ or shareholders approvals, if it exceeds the limits prescribed under the Act. Except transactions which are in the ordinary course of business and are at armed length basis.

“Shareholders” means, at any time, the Promoter, the Investor and any other Person that has entered into a Deed of Adherence under clause 23.1(a)(ii), in each case only to the extent they own any Shares at such time;

"Shareholders' Agreement" means the shareholders agreement between the Shareholders and the Company on 10th February 2020, as may be amended, modified or restated from time to time.

"key managerial personnel", in relation to a company, means—

- (i) the Chief Executive Officer or the managing director or the manager;
- (ii) the company secretary;
- (iii) the whole-time director;
- (iv) the Chief Financial Officer;
- (v) 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
- (vi) such other officer as may be prescribed

4. Procedure- Identification of Related Party Transactions

Every director shall at the beginning of the financial year provide information by way of written notice to the company regarding his concern or interest in the entity with specific concern to parties which may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this policy. Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this policy.

The Company will identify potential transactions with Related Parties based on written notices of concern or interests received from its Directors / Key Managerial Personnel in the manner prescribed in the Companies Act, 2013 and the rules thereunder.

Review and approval of Related Party Transaction

» **Audit Committee**

- Every Related Party Transaction shall be subject to the prior approval of the Audit Committee.
- The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company which are repetitive in nature subject to compliance of the conditions contained in the Companies Act, 2013 and SEBI LODR as amended from time to time.
- Provided that the provisions of this clause shall not apply to a transaction, other than a transaction referred to in section 188, between a holding company and its wholly owned subsidiary company.

The Committee shall also satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.

If any additional Related Party Transaction is to be entered by the Company post omnibus approval granted by the Audit Committee, then the Company shall present such transaction before the Audit Committee in its next meeting for its prior approval.

- The Audit Committee shall also review the statement of significant related party transactions submitted by management as per its terms of reference.
- 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.
- The Audit Committee shall recommend the Related Party Transactions for approval of Board of Directors / Shareholders as per terms of this policy.

5. Disclosures

Every Related Party Transaction with proper justification shall be disclosed in the Directors Report. This Policy will be communicated to all operational employees and other concerned persons of the Company.

6. Policy Review

This policy is framed based on the provisions of the Companies Act, 2013, and rules thereunder.

In case of any subsequent changes in the provisions of the Companies Act, 2013 which makes any of the provisions in the policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the policy would be modified in due course to make it consistent with the Regulations.

7. Transactions requiring Board Approval (Section 188 of the Companies Act, 2013)

a	sale, purchase or supply of any goods or materials	
b	selling or otherwise disposing of, or buying, property of any kind	
c	leasing of property of any kind;	
d	availing or rendering of any services	
e	appointment of any agent for purchase or sale of goods, materials, services or property	
f	related party's appointment to any office or place of profit in the company, its subsidiary company or associate company	
g	underwriting the subscription of any securities or derivatives thereof, of the company	
<p>The Board approval for Related Party Transaction is required only if the parties are the parties as defined under section 2(76) and should be transactions covered above.</p>		
<p>Transactions requiring Board plus Shareholders Approval (Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules 2014</p>		
1	Contracts or arrangements with respect to clauses (a) to (e) above with following criteria :	
i.	sale, purchase or supply of any goods or material directly or through appointment of agent amounting to 10% or more of the turnover , as mentioned in clause (a) and (e) of sub-section (1) of section 188.	<div style="border: 1px solid black; padding: 5px;"> <p>It is hereby clarified that the limits specified in sub-clause (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year</p> </div>
ii.	selling or otherwise disposing of or buying property of any kind directly or through appointment of agent amounting to 10% or more of net worth of the company as mentioned in clause (b) and (e) of sub-section (1) of section 188.	
iii.	leasing of property of any kind amounting to 10% or more of the turnover of the Company as mentioned in clause (c) of sub-section (1) of section 188.	
iv.	availing or rendering of any services directly or through appointment of agent amounting to 10% or more of the turnover of the company, as mentioned in clause (d) and (e) of sub-section (1) of section 188.	
2	Appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding Rs 2,50,000 as mentioned in clause (f) of sub-section (1) of section 188.	
3	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company	

Adani Electricity Mumbai Limited

	exceeding one percent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.	
a	The transactions under Sr. no. B above between Holding Company and its Wholly Owned Subsidiary are exempted from taking members approval	
b	<p>The provisions of Section 188 are not applicable if the transactions are in Ordinary Course of Business and at Arm's Length Basis</p> <p>[Explanation: "Arms length transaction" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest]</p>	