NHPC LIMITED

Policy on
Materiality of Related Party Transactions and on Dealing with Related Party Transactions

(Version 6.0)

1. APPLICABILITY

This Policy shall be applicable on NHPC Limited (hereinafter referred to as "the Company").

This Policy is framed in line with requirements specified under Regulation 23 of SEBI LODR intended to ensure the proper approval and reporting of Related Party Transactions. This Policy shall supplement other Policies & practices/ Delegation of Powers/ Manuals etc. of the Company.

2. PURPOSE (INTRODUCTION)

The Policy sets out the requirements for reporting and approval of Related Party Transaction as prescribed under the Act and SEBI LODR.

3. DEFINITIONS

3.1. **"Act"** means the Companies Act 2013 and rules made thereunder as modified or amended from time to time.

3.2. **"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 [Explanation to sub section (1) of Section 188 of the Act].

Arm's length basis is to be determined based on the terms and conditions including price of transaction(s).

3.3. **"Associate Company"** shall be as defined in Section 2(6) of the Act.

3.4. **"Audit Committee"** means the Audit Committee of the Board.

3.5. **"Board of Director"** or "Board" means the Board of Directors of NHPC Limited.

3.6. **"Company"** means NHPC Limited.

3.7. **"Material Modification(s)"** means increase/ decrease in the value of consideration by more than 10% of the already approved total consideration (excluding increase in value/ consideration due to change in tax structure) of a Related Party Transaction.

3.8. **"Material Related Party Transaction"** means a Related Party Transaction having value exceeding the threshold limits as prescribed under the SEBI LODR and/ or the Act, whichever is lower.

3.9. **"Ordinary Course of Business"** includes, but not limited to, activities that are necessary, normal and incidental to the business.

3.10. **"Related Party"** means a related party as defined under Section 2(76) of the Act and under Regulation 2(1)(zb) of the SEBI LODR.

3.11. **"Related Party Transaction" (RPT)** means any transaction(s) with Related Party regardless of whether a price is charged and includes a single transaction or a group of transactions in a contract.

3.12. **"SEBI LODR"** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified or amended from time to time.

3.13. **"Subsidiary Company"** means subsidiary company as defined in Section 2(87) of the Act and under Regulation 2(1)(zm) of SEBI LODR.

The terms not specifically defined under this Policy shall derive their meaning/ definition from the Act including Rules issued thereunder and SEBI LODR, as amended from time to time.

4. PROCEDURES

i. The Company shall identify the list of Related Parties as per the criteria provided under the Act and SEBI LODR as under:-

a) Finance (C&AP) Department shall prepare and maintain the list of Related Parties as also required for preparing the Notes to the Accounts.

b) Company Secretary shall collate list of Related Party(ies) pertaining to Director(s) and KMP(s) of the Company based on disclosures provided by the individual(s) concerned. The said list shall be updated on quarterly basis based on revision in disclosure(s), if any, or change in Director(s) or KMPs.

c) Related Parties relating to Subsidiaries and List of Joint Ventures, Associates and Controlled entities: -

- List of Related Parties of Subsidiaries shall be collated by the Company Secretariat from Company Secretary of respective Subsidiaries.
- SBD&C Department shall provide list of Joint Ventures and Associate Companies.
- Finance (C&AP) Department shall provide list of Controlled entities for the purpose of ascertaining Related Parties.

The aforesaid list shall be maintained in ERP, whenever applicable so that Related Party and transactions related thereto can be accessed/ downloaded in a centralized manner.

ii. The Company Secretariat shall issue Office Circulars for information of all concerned, whenever there are any regulatory amendments w.r.t. RPTs and dealing with RPTs.

iii. Departments dealing with RPT, before entering into an RPT, shall inform the Company Secretariat.

iv. The Company Secretariat shall review the information and suggest actions for seeking appropriate approval from Audit Committee or Board or the Shareholders of the Company, as applicable.

5. APPROVAL, RATIFICATON AND REVIEW OF RPTs

A. Approval of RPTs

i. Audit Committee

All the transactions which are identified as RPTs and subsequent modifications thereof, shall be approved by the Audit Committee in the manner specified under the SEBI LODR and/ the Act. The Audit Committee shall consider the proposal along with requisite details as stipulated under the relevant statutory provisions.

Audit Committee may grant omnibus approval for RPTs which are repetitive/ frequent in nature and subject to such criteria/ conditions as per requirements of the Act/ SEBI LODR and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

ii. Board of Directors

Approval of Board of Directors is mandatory for RPTs that are not in the ordinary course of business or not on arm's length basis.

iii. Shareholders

Approval of Shareholders for RPTs as applicable under the Act/ SEBI LODR and/ or approval of Material RPTs and Material Modification thereto, as applicable.

B. Ratification of RPTs

Ratification of RPTs shall be done by the Competent Authority as per the applicable provisions of the Act / SEBI LODR.

C. Review and Reporting of RPTs

The concerned Functional Director shall be responsible for the following:

(i) To place agenda before the Audit Committee and/ or Board of Directors for approval of RPTs (including omnibus approval and/or ratification and/or material modification thereto).

(ii) To provide following information for approval/ review of the Audit Committee:

(a) The information with regard to RPTs for taking omnibus approval from Audit Committee before the start of Financial Year.

(b) The details of RPTs entered into by the Company pursuant to each of the omnibus approvals given by Audit Committee for review by Audit Committee on quarterly basis.

(c) The status of long-term (more than one year) or recurring RPTs for review by Audit Committee on an annual basis.

(iii) The information provided at (ii) above shall be compiled by Company Secretariat for placing the agenda for approval/ review of Audit Committee.

6. EXCEPTIONS

In case of any conflict between this Policy and applicable laws, the applicable law (as existing on the date of the concerned transaction) shall prevail.

7. MODIFICATION/ AMENDMENT:

Any subsequent amendment / modification in the SEBI LODR or the Act or any other governing Act/ Rules/ Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy.

8. REVIEW

This Policy shall be reviewed by the Board once in every three years.

Version Control Table

Effective date	Version	Amendment
01.10.2014	1.0	The Policy was originally adopted with the approval of Board of Directors in their 382nd meeting.
30.05.2017	2.0	Amended by Board of Directors in their 405th meeting.
22.03.2019	3.0	Amended with the approval of Chairman & Managing Director as per powers delegated by Board.
01.04.2022	4.0	Amended by Board of Directors in their 454th meeting.
09.01.2025	5.0	Amended with the approval of Chairman & Managing Director as per powers delegated by Board.
28.02.2026	6.0	Amended by Board of Directors in their 504th meeting.