



## **INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED**

### **RELATED PARTY TRANSACTION POLICY**

#### **1. APPLICABILITY AND EFFECTIVE DATE**

This Policy would be applicable to the Company with immediate effect to regulate transactions between the Company and its Related Parties.

#### **2. PURPOSE**

The Companies Act 2013 was notified w.e.f 1<sup>st</sup> April 2014. Section 177 of Companies Act 2013 requires that every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include approval of transactions of the Company with related parties or any subsequent modification thereto. In pursuance to provisions of Section 177 of Companies Act 2013 regarding terms of reference of Audit Committee pertaining to Related Party Transactions of the Company, the Board of Directors may approve this Related Party Transactions Policy and the Audit Committee may note this Policy.

#### **3. CONDUCT OF RELATED PARTY TRANSACTIONS**

All Related Party Transactions including any subsequent modification thereto, proposed to be entered into by Company shall be subject to the approval of the Audit Committee/Board of Directors/Shareholders in accordance with this Policy with immediate effect.

Concerned Department would be required to take prior approval of Audit Committee and/or Board of Directors and/or Shareholders, required as per provisions of the Companies Act 2013 and rules made thereunder, for Related Party Transaction(s).

#### **4. APPROVAL FOR RELATED PARTY TRANSACTIONS**

##### **4.1 Approval of the Audit Committee**

The proposal for approval of Related Party Transactions placed for consideration of the Audit Committee shall contain necessary information with respect to actual or potential Related Party Transactions as prescribed under the Companies Act, 2013 and Rules thereunder.

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.

##### **4.2 Approval of the Board**

**Prior approval of the Board**-If the Audit Committee determines that a Related Party

Transaction should be brought before 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 proposal for approval of Related Party Transaction at Board Meeting, with such modification as may be necessary or appropriate under the circumstances.

Any member of the Board of Director who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

**Details to be provided to the Board**-The following information regarding proposed Related Party Transactions shall be provided to the Board for approval of Related Party Transaction(s) –

- a. the name of the related party and nature of relationship;
- b. the nature, duration of the contract and particulars of the contract or arrangement;
- c. the material terms of the contract or arrangement including the value, if any;
- d. any advance paid or received for the contract or arrangement, if any;
- e. the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- f. whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- g. any other information relevant or important for the Board to take a decision on the proposed transaction.

#### **4.3 Approval of Shareholders**

**Prior approval of the Shareholders** – Related Party Transactions which are not in ordinary course of business or not on arm's length basis and beyond threshold limits as specified in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 including amendment thereto, shall require prior approval of shareholders by way of Special Resolution.

No member of the Company shall vote on special resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party for such contract or arrangement.

In case of a wholly owned subsidiary, the special resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between the wholly owned subsidiary and the holding company.

#### **Details to be provided to the Shareholders**

The following information regarding proposed Related Party Transactions shall be provided to the Shareholders for approval of Related Party Transaction(s) –

- a. Name of the related party;
- b. Name of the Director or Key Managerial Personnel who is related, if any;
- c. Nature of relationship;
- d. Nature, material terms, monetary value and particulars of the contract or arrangement;
- e. Any other information relevant or important for the members to take a decision on the

proposed resolution.

#### **4.4 Ratification of Related Party Transactions**

- a. If prior approval of the Board/Shareholders for entering into a Related Party Transaction is not obtained, then the Related Party Transaction shall be ratified by the Board/Shareholders, as the case may be, within 3 (three) months of entering into the Related Party Transaction.
- b. In case Related Party Transaction is not ratified within the specified period as mentioned above, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any Director, or is authorised by any other Director, the Directors concerned shall indemnify the company against any loss incurred by it.
- c. In any case where either the Board/Shareholders determines not to ratify a Related Party Transaction that has been commenced without approval, Board/Shareholders may direct additional actions including, but not limited to, immediate discontinuation of the transactions, or modification of the transaction to make it acceptable for ratification.

#### **4.5 Maintenance of Records**

The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party that requires approval of the Board.

#### **4.6 Disclosures**

- a. Every Contract or arrangement entered with Related Parties with the approval of Board / Shareholders in line with Section 188 of the Companies Act 2013 shall be referred in the Board's Report to the shareholders along with the justification for entering into such contract or arrangements.
- b. 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.
- c. Name of all related parties & nature of relationships & details of all related party transactions should be disclosed in the financial statement as per Accounting Standard 18.

### **5. LIMITATION**

In the event of any conflict of the provisions of this Policy and of the Companies Act 2013, rules made thereunder and modification therein, the provisions of Companies Act 2013, rules made thereunder and modification, if any, as the case may be, shall prevail over this Policy and complied by IIFCL.