

Policy on Related Party Transactions

Version 3.0

Amended by the Board of Directors on January 23, 2023



India InfraDebt Limited

Policy on Related Party Transactions – India Infradebt Limited

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1. Background and Purpose

Section 188 of the Companies Act, 2013 ('Companies Act' or 'the Act') read with Companies Rules framed thereunder, Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (RBI Master Direction) and Indian Accounting standards (Ind AS) as notified by Ministry of Corporate Affairs and other statutes as may be made applicable provides compliance, approval and/ or reporting requirements regarding the related party transactions. Regulation 23 of SEBI LODR requires the listed companies to formulate a policy on materiality of related party transactions and on dealing with related party transactions.

This policy aims to regulate transactions between India Infradebt Limited (Infradebt) and its related parties based on the applicable provisions of the Companies Act, 2013 and its underlying Rules, SEBI LODR, RBI Master Direction and Ind AS. It intends to define a framework for proper approval, threshold of materiality / material modification and reporting/disclosure of transactions between Infradebt and its related parties.

Accordingly, the Board of Directors (the Board) of Infradebt has adopted the following policy with regard to related party transactions. The Audit Committee of Infradebt will review this policy from time to time and propose any modifications to the Board for approval.

2. Definitions

(i) Act

"Act" means Companies Act, 2013 and the rules made thereunder, as may be amended from time to time.

(ii) Key Managerial Personnel (KMP)

KMP means such personnel(s) as defined in sub-section (51) of section 2 of the Act.

(iii) SEBI LODR

"SEBI LODR" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including the relevant circulars issued by SEBI with respect to SEBI LODR), as may be amended from time to time.

(iv) Turnover

"Turnover" means turnover as defined under sub-section (91) of section 2 of the Act.

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(v) Related Party

“Related Party” means a related party as defined under the Applicable Laws (the Act, SEBI LODR and applicable Ind AS).

(vi) Related Party Transaction

Related Party Transaction means a transaction as given under Section 188 of the Act including rules thereof and/or as defined in Regulation 2(1)(zc) of the SEBI LODR and/or other applicable laws.

(vii) Material Related Party Transaction

“Material Related Party Transactions” shall have the same meaning as defined under the SEBI LODR, as may be amended from time to time.

Provided that the threshold for Material Related Party Transactions for the purpose of reporting of information under the Act (Form AOC-2) would be equivalent of the limits for the related party transactions as defined under Section 188 of the Act read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 requiring shareholders’ approval.

Any related/ other term used in this Policy but not defined herein shall have the same meaning as defined in the Act, rules framed under the Act, SEBI LODR or any other applicable law or regulation.

(viii) Material modification

Material modification means any modification, either individually or taken together with any previous modification, made in the nature, value/exposure, or other terms and conditions of any on-going or proposed Related Party Transaction, as originally approved by the Audit Committee and/or Shareholders, which has the effect of variation in the approved value of the transaction, by 25% or ₹ 500.0 million, whichever is higher, or by which the transaction ceases to be in ordinary course and/or on arms’ length or such other parameter as may be determined by the Audit Committee from time to time.

Provided that, a modification mandated pursuant to change in law, or pursuant to and in accordance with the terms of the approved transaction/contract, or resulting from change in constitution of either of the parties pursuant to schemes of arrangement (e.g. merger, amalgamation, demerger, etc.), or is of a nature which is purely technical and does not result in substantive change or alteration of rights, interests, and obligations of any of the parties, or is uniformly affected for similar transactions with unrelated parties shall not be regarded as material modification.

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3. Guiding Standards

(i) Arm's Length Transaction

As per the explanation given in Section 188 of the Act, 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.

In view of the above, a transaction with a related party will be considered to be on arm's length basis if the key terms, including pricing of the transaction, taken as a whole, are comparable with those of similar transactions if they would have been undertaken with unrelated parties.

(ii) Ordinary course of business

Ordinary Course of Business includes but not limited to activities that are undertaken in the normal day-to-day operations or related financial activities of Infradebt and are necessary and incidental to the business. These are common practices and customs of commercial transactions. It also includes usual transactions, customs and practices related to the business.

The following factors are indicative of a transaction being in the ordinary course of business:

- (i) transaction is normal or otherwise unremarkable for the business.
- (ii) transaction is frequent/regular.
- (iii) transaction is a source of income for the business.
- (iv) transactions that are part of the standard industry practice, even though Infradebt may not have done it in the past.
- (v) transactions covered in the Objects clause of Memorandum of Association.
- (vi) transactions done with a related party on a similar basis as of a third party.

These are not exhaustive criteria and Infradebt will have to assess each transaction considering its specific nature and circumstances.

The Audit Committee or the Board shall after considering the materials placed before them judge if the transaction is in the Ordinary Course of Business on an Arm's Length Basis.

4. Approval Process for Related Party Transactions

(i) Prior approval of the Audit Committee of Infradebt

- a) All the related party transactions and subsequent material modification must be pre-approved by the Audit Committee before entering into such transaction in accordance with this Policy. The prior approval shall be at a meeting of Audit Committee or by way of resolution by circulation.

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A related party transaction entered into by Infradebt, which is not under the omnibus approval or otherwise pre-approved by the Committee will be placed before the Committee for ratification.

Any Director having a potential interest in any related party transactions will not be present at the Meeting during discussions and voting on the approval of the related party transactions.

- b) The Audit Committee may grant omnibus approval for related party transactions (non-material transactions in the ordinary course and at arm's length basis) proposed to be entered into by Infradebt subject to the criteria/ conditions as required under Regulation 23 of SEBI LODR and the Act and such other conditions, as it may consider necessary in line with this policy and in the interest of the Infradebt.

Further, where the need for RPTs cannot be foreseen and requisite details are not available, the Audit Committee may grant omnibus approval for such transactions provided that value of each such transaction shall not exceed ₹ 10.0 million.

Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of Infradebt.

- c) Infradebt shall provide the following information, for review of the Audit Committee for approval of a proposed related party transaction (other than omnibus approval):-
- a. Type, material terms and particulars of the proposed transaction;
 - b. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
 - c. Tenure of the proposed transaction (particular tenure shall be specified);
 - d. Value of the proposed transaction;
 - e. The percentage of the Infradebt's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a related party transaction involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
 - f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by Infradebt or its subsidiary:
 - i) details of the source of funds in connection with the proposed transaction;
 - ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;

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- iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
- iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the related party transaction.
- g. Justification as to why the related party transaction is in the interest of Infradebt;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed related party transaction on a voluntary basis;
- j. Any other information that may be relevant

As per proviso to Regulation 23(2) of SEBI LODR, only those Members of the Audit Committee who are independent directors, shall approve related party transactions.

(ii) Prior approval of the Board of Directors of Infradebt

Upon approval by the Audit Committee, Related Party Transactions, which are either not in the Ordinary Course of Business and/or not at the Arms' Length Basis or Material Related Party Transactions or subsequent material modification or related party transactions referred by the Audit Committee, require prior approval of the Board (either at a meeting or by way of resolution by circulation).

Any Director having a potential interest in any related party transactions will not be present at the Meeting during discussions and voting on the approval of the related party transactions.

(iii) Prior approval of the Shareholders of Infradebt

Upon approval by the Audit Committee and Board, all material related party transactions and subsequent material modification shall require prior approval of the Shareholders through ordinary resolution.

Further, any Related Party Transaction and subsequent material modification which is not in the Ordinary Course of Business and/or not at Arm's Length Basis, and exceed the prescribed threshold limit as per the Act shall require prior approval of the Shareholders.

Pursuant to Regulation 23(4) of SEBI LODR, no related party shall vote to approve such resolution whether the entity is a related party to the particular transaction or not.

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the

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Board or, as the case may be, of the shareholders 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.

The notice being sent to the Shareholders seeking approval for any proposed related party transaction shall, in addition to the requirements reviewed by Audit Committee shall include following:

- a. A summary of the information provided by the management of Infradebt to the Audit Committee.
- b. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed related party transaction, on a voluntary basis.

The approval policy framework is given below:

Audit approval	Committee	Board approval	Shareholders approval
<ul style="list-style-type: none">• Prior approval of all Related Party Transactions (including Omnibus approval) and subsequent material modifications except items mentioned as proviso to Regulation 2(1)(zc) of SEBI LODR.		<ul style="list-style-type: none">• Related Party Transactions referred by Audit Committee for approval of the Board.• Related Party Transactions not in the ordinary course of business and/or not at arm's length basis or Material Related Party Transactions or subsequent material modification.	<p>Prior approval by Ordinary resolution for:</p> <p>(a) Material Related Party Transactions and subsequent Material Modification.</p> <p>(b) Related Party Transactions not in ordinary course of business and/or not at arm's length basis and crosses prescribed threshold limit in the Act.</p>

5. Reporting and Disclosure of related party transactions

Following related party transactions are to be reported and disclosed:

- As per Regulation 23(3)(d) of SEBI LODR, the Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by Infradebt pursuant to each of the omnibus approvals given.
- Infradebt shall submit disclosures of related party transactions to the stock exchange alongwith the financial results for the half year on a standalone basis, in the format specified by the SEBI, from time to time, and publish the same on its website.
- Infradebt shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

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- Infradebt shall disclose details of all material related transactions (as per definition 2(viii) of this Policy) in the Annual Report.
- Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

In case of any amendments and/or clarifications, etc. in regulatory provisions, not being consistent with the provisions laid down under this Policy, then such amendments and/or clarifications, etc shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendments and/or clarifications, etc.

In case of any conflict of interpretation between the Policy and any Regulation, Rule, Notification, Circular, Master Circular, Directions, Guidelines, Directions, etc., then the interpretation of the regulatory provisions shall prevail.