

ASEEM INFRASTRUCTURE FINANCE LIMITED (AIFL or COMPANY)

POLICY FOR RELATED PARTY TRANSACTIONS ('POLICY')

Reviewing & Approving Authority

Authority	Designation
Prepared By	Chief Financial Officer Company Secretary
Reviewed By	Chief Executive Officer
Recommended By	Audit Committee
Approved By	Board of Directors
Date of approval	November 08, 2023

Version History

Version	Issue Date	Brief Description
V.1	July 22, 2020	New Policy Adopted
V.2	September 16, 2020	Amended to include greater process clarity and to ensure enhanced compliance and greater transparency.
V.3	November 09, 2022	Amended to align with the Regulation 23 of Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements), 2015 ("SEBI LODR")
V.4	November 08, 2023	Annual review with no changes

AIFL Policy on Related Party Transactions

1. BACKGROUND

1.1 Related party transactions that companies may seek to execute may present potential or actual conflicts of interest, which would be inconsistent with the best interest of the company and its shareholders. The Master Directions (*as defined below*); Section 188 of the Companies Act, 2013 read with the Rules framed thereunder; Regulation 23 of Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements), 2015 (“**SEBI LODR**”); Accounting Standards issued by the Institute of Chartered Accountants of India; and any other applicable laws provide compliance and approval requirements regarding the related party transactions. Considering these requirements, Aseem Infrastructure Finance Limited (“**AIFL**” or “**Company**”) has formulated this Policy for related party transactions (“**Policy**”) to regulate the identification of the Company’s related parties and define a framework for the proper approval, conduct, reporting and documentation of its related party transactions.

1.2 Accordingly, the board of directors (“**Board**”) of AIFL has adopted the said Policy.

2. DEFINITIONS

- (a) **Accounting Standards** means the standards of accounting or any addendum thereto for the companies or class of companies as referred to in Section 133 of the Act;
- (b) **Act** means Companies Act, 2013 and the rules made thereunder, as may be amended from time to time.
- (c) **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;
- (d) **Associate Company** in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company;
- (e) **Audit Committee** or **Committee** means the audit committee constituted by the Board as per the provisions of the Act.
- (f) **Board** means Board of Directors of the Company.
- (g) **Chief Financial Officer** means the person who is appointed by the Company to perform the functions of a chief financial officer under the Act.
- (h) **Company Secretary** means the person who is appointed by the Company to perform the functions of a company secretary under the Act.
- (i) **Director** means a director appointed to the Board of the Company
- (j) **Key Managerial Personnel** means –
 - i. the Chief Executive Officer or the Managing Director or the Manager;

- ii. the Chief Financial Officer;
 - iii. the Whole - Time Director(s);
 - iv. the Company Secretary;
 - 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 under Section 2(51) of the Act.
- (k) **Management Team** means the respective functional heads of various departments of the Company (i.e., accounts and finance, legal and compliance, resource, etc.) business heads and any other concerned person who is authorized to enter into a transaction, arrangement, contract or agreement with any party.
- (l) **Master Directions** means the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, issued by the Reserve Bank of India, as may be amended from time to time.
- (m) **Material RPT** means:
- (i) any RPT, which individually or taken together with previous transactions during a financial year, exceeds INR 1000 crore (*Indian Rupees One Thousand Crore*) or 10% (ten percent) of the annual consolidated turnover of AIFL as per the Company's last audited financial statements *whichever is lower*.
 - (ii) Notwithstanding anything mentioned at point (i) above, a transaction(s) involving payments made to a related party with respect to brand usage or royalty individually or taken together with previous transactions during a financial year, exceeding 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- (n) **Material Modification** shall mean: (i) any change in the transaction value exceeding 10% of the already approved transaction value. (ii) Any modification in significant terms and conditions of the contract with a related party such as price, alteration to the credit period, etc. (iii) Any other modifications, which as per the directions of Audit Committee may deemed to be material on a case-to-case basis.
- (o) **Related Party Transaction** or **RPT** means any transaction, directly or indirectly with Related Parties, including transactions as specified under clause (a) to (g) of sub- section (1) of Section 188 of the Act.
- (p) **Relative** means relative as defined under Section 2(77) of the Act and includes anyone who is related to another in any of the following manner:-
- i. they are members of a Hindu Undivided Family;
 - ii. they are husband and wife;
 - iii. father (including step-father);
 - iv. mother (including step-mother);
 - v. son (including step-son);
 - vi. son's wife;

- vii. daughter;
- viii. daughter's husband;
- ix. brother (including step-brother); or
- x. sister (including step-sister)

(q) **Rule** means the rules of the Companies (Meetings of Board and its Powers) Rules, 2014, as may be amended from time to time.

Any other term not defined herein shall have the same meaning ascribed to it under the Act, the Rules, the Master Directions and any other applicable law or regulation.

3. IDENTIFICATION OF RELATED PARTIES

3.1 Every Director and Key Managerial Personnel is responsible to declare any person or entity that would be regarded as related party for the Company in accordance with this Policy on account of his being Director or Key Managerial Personnel of the Company. Such declaration shall include disclosure of his (and his relative's) concern or interest in any company or companies or bodies corporate, firms or such other association of individuals which shall include the shareholding, directorship, membership, partnership, etc.

3.2 Director, Key Managerial Personnel and other persons or entities identified by the Company Secretary, shall submit updated disclosures as and when there is a change in already submitted disclosures.

Company Secretary shall prepare a comprehensive list of related parties based on the information received from Director, Key Managerial Personnel and other persons or entities as identified. Such list shall be circulated to all the persons having authorities to carry out any transactions so that the Policy can be adhered to.

4. APPROVAL OF THE AUDIT COMMITTEE

4.1 Prior approval of the Audit Committee will be required:

- (i) all RPTs even if in the Ordinary Course of Business and on Arm's Length basis,
- (ii) any material modification to RPT.

To review the RPTs the Audit Committee will be furnished with all the relevant material information basis which the Audit Committee could either approve or reject the transaction. Further, as per the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 (as amended from time to time) only Independent Directors shall be eligible to approve the RPTs.

4.2 Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. Provided that only those members of the audit committee who are independent directors, shall approve related party transactions.

4.3 Any director having a potential interest in any RPTs will not participate in discussions and voting on the approval of the RPTs.

Since the term 'Ordinary Course of Business' is not defined in the Act or Rules, the factors that may be considered to decide whether an activity is in the Ordinary Course of Business, include:

- (i) activities that are undertaken by the Company in its normal day-to-day operations,
- (ii) usual transactions, customs and practices of the Company that are necessary and incidental to its business,
- (iii) common practices and customs of commercial transactions,
- (iv) activity is covered in the objects clause of the Memorandum of Association,
- (v) activity is in furtherance of the business,
- (vi) the income, if any, earned from such activity/transaction is treated as business income in the company's books of account,
- (vii) transactions are common in the particular industry,
- (viii) whether there is any historical practice to conduct such activities,
- (ix) financial scale of the activity with regard to the operations of the business, and
- (x) resources committed to the activity.

It is hereby clarified that the abovementioned criteria are not exhaustive and the Audit Committee/Board shall assess whether each RPT is in the Ordinary Course of Business, considering its specific nature and circumstances.

4.4 Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:

- 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);

5. OMNIBUS APPROVAL OF THE AUDIT COMMITTEE

- 5.1. The Audit Committee may grant omnibus approval for RPTs being repetitive in nature and transactions which are in the interest of the Company subject to the following conditions:

- 5.1.1 The Audit Committee shall specify the criteria for making the omnibus approval which shall include the following, namely:
- (a) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
 - (b) the maximum value per transaction which can be allowed;
 - (c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - (d) review, at such intervals as the Audit Committee may deem fit, RPT entered into by AIFL pursuant to each of the omnibus approval made;
 - (e) transactions which cannot be subject to the omnibus approval by the Audit Committee.
- 5.1.2 The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
- (a) repetitiveness of the transactions (in past or in future);
 - (b) justification for the need of omnibus approval and that such approval is in the interest of the Company.
- 5.1.3 The omnibus approval may contain or indicate the following:
- (a) name of the related parties;
 - (b) nature and duration of the transaction;
 - (c) maximum amount of transaction that can be entered into;
 - (d) the indicative base price or current contracted price and the formula for variation in the price, if any; and
 - (e) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.
- 5.1.4 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 approvals given.
- 5.1.5 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.
- 5.1.6 Omnibus approval cannot be provided for transactions in respect of selling or disposing of any undertaking of AIFL.

6. APPROVAL OF THE BOARD

The Board of Directors shall be required to approve such RPTs as required under the Companies Act, 2013 and other applicable laws and RPTs as referred by the Audit Committee for its approval.

- 6.1** Approval of the Board for RPTs is required to be taken at a Board Meeting and cannot be taken through resolution by way of circulation.
- 6.2** Agenda of the Board meeting at which the resolution for the approval of an RPT is proposed to be moved shall disclose:
- (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.

7. APPROVAL OF SHAREHOLDERS OF AIFL

7.1 All Material RPTs and Material Modification shall require approval of the Shareholders of the Company 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. However, this condition shall not apply in case of a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code, subject to the event being disclosed to the recognised stock exchanges within one day of the resolution plan being approved.

7.2 All related party transactions other than transactions between the Company and its wholly-owned subsidiary(ies) whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval) in terms of Section 188 of the Companies Act, 2013 which are not in the ordinary course of business and / or are not at 'arm's length' and which cross the threshold limits prescribed under the Companies Act, 2013, shall also require the approval of shareholders of the Company through a resolution. No shareholder of AIFL shall vote on such resolution, to approve any transaction which may be entered into by AIFL, if such shareholder is a Related Party, in the context of the RPT for which the said resolution is being passed.

8. TREATMENT OF RPTS NOT APPROVED UNDER THIS POLICY

8.1 In the event AIFL becomes aware of an RPT with a Related Party that has not been approved under this Policy prior to its adoption, the matter shall be reviewed by the Audit Committee / Board. The Audit Committee / Board shall examine the facts and circumstances pertaining to the failure of reporting such RPT to the Committee under this Policy and shall evaluate options such as ratification, revision or termination of RPT. The Audit Committee / Board shall consider all of the relevant facts and circumstances regarding failure to report the RPT under this Policy and take appropriate action as it deems appropriate. In any case, where the Audit Committee / Board determines not to ratify an RPT that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of an RPT, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

9. EVALUATION PROCESS OF RPTS

9.1 To approve an RPT, the Audit Committee/ Board/ shareholders, as may be applicable, shall be provided all relevant material information of such transaction, including the terms and such other details as required under the Act, or by the Audit Committee/ Board/ shareholders, as the case may be. While approving an RPT, the Audit Committee/ Board/

shareholders will consider the following factors, among others, to the extent relevant:

- (a) whether the terms on which RPT is proposed are fair to the Company and whether the transaction is an Arm's Length Transaction;
- (b) whether the RPT would affect the independence of an independent director or an independent member ;
- (c) whether the RPT includes any potential reputational risk that may arise as a result of or in connection with the proposed transaction; and
- (d) whether the RPT would present conflict of interest for any director or member of a committee or KMP of the Company.

9.2 Whenever there is any doubt with regard to transaction(s) with Related Party(ies) and/or the applicable corporate governance requirements, the Audit Committee/ Board/ shareholders shall be entitled to seek a legal opinion/clarification for the same.

9.3 In the event any director, KMP or any other employee becomes aware of any RPT(s) that has been omitted to be approved by the Audit Committee/ Board/shareholders or is in deviation of this Policy, such person shall promptly notify the Company Secretary of the Company, of such transaction, who shall ensure that such transaction is brought to the notice of the Audit Committee/ Board/ shareholders, as may be applicable, at the earliest.

9.4 The Audit Committee/ Board/ shareholders shall evaluate such transaction(s) and may decide as it considers appropriate, subject to the Act, necessary action to be taken, including ratification, revision or termination of the RPT.

10. REPORTING OF RELATED PARTY TRANSACTIONS

10.1 The Directors' report shall disclose, in the prescribed form under the Companies Act, the RPTs as specified under clause (a) to (g) of sub-section (1) of Section 188 of the Act, in accordance with section 134(3)(h) of the Act:

- (a) RPTs which are not Arm's Length Transactions;
- (b) Material RPTs which are Arm's Length Transactions;
- (c) RPTs which are not in the Ordinary Course of Business and justification for entering into such transactions.

10.2 The Board shall also make relevant disclosures under the Master Directions in the annual report and on the website of the Company as applicable to the Company.

11. STOCK EXCHANGE DISCLOSURE

The Company shall submit and publish on website disclosures of related party transactions on a consolidated basis along with its financial results for half year in the format specified in Regulation 23 of SEBI LODR to the stock exchanges where securities of the Company are listed.

12. ADOPTION OF THE POLICY AND COMPLIANCE

12.1 Upon adoption by the Board, the Policy shall be displayed on the website of the Company. Relevant disclosures relating to the adoption of the Policy shall be made in the Board's annual report as required under the Master Directions.

12.2 The Board shall ensure strict compliance of the Policy, subject to applicable law, including the Act and Rules.

- 13.** Any subsequent amendment in the Act or any other applicable law in this regard, shall immediately apply to this Policy. Accordingly, this policy shall be duly revised to incorporate any amendments.
- 14.** The Policy shall be reviewed once in 3 years or as and when there is any amendment in the applicable law whichever is earlier.