

# **ISHAAN INFRASTRUCTURES AND SHELTERS LIMITED**

## **Related Party Transactions Policy**

### **TABLE OF CONTENTS:**

<b>Sr. No</b>	<b>Contents</b>	<b>Page No</b>
1	Introduction	2
2	Objective	2
3	Definitions	2
4	Policy	3
4.1	Identification of Related Parties	4
4.2	Approval of Audit Committee	4
4.3	Approval of Board of Directors	4
4.4	Approval of Shareholders	5
4.5	Approval of Related Party Transactions	5
5	Disclosure	6
6	Policy Review	7
7	General	7

## ISHAAN INFRASTRUCTURES AND SHELTERS LIMITED RELATED PARTY TRANSACTIONS POLICY

### [IN TERMS OF CLAUSE 49(VII) OF THE LISTING AGREEMENT]

#### 1. Introduction

- 1.1 The Companies Act, 2013 (**Act**) and Securities and Exchange Board of India (**SEBI**) have significantly revised the regulations governing related party transactions entered into by the companies. The Act defines related parties and related party transactions and prescribes certain approval requirements with respect to such transactions.
- 1.2 The listing agreement entered into by a company with the stock exchanges where its shares are listed (**Listing Agreement**), also requires a company to adopt a policy setting out the manner in which the company will deal with related party transactions as well as the materiality thresholds applicable to such transactions.
- 1.3 In view of the above and to consolidate the procedural requirements under the Act and the Listing Agreement, the Company has laid down this policy on related party transactions in accordance with the requirements of the Act read with relevant rules prescribed therein and the Listing Agreement.
- 1.4 The Board of Directors of (the **Board**) ISHAAN INFRASTRUCTURES AND SHELTERS LIMITED (the **Company**) has adopted the following policy and procedures with regard to related party transactions.

#### 2. Objectives

- 2.1 The Board recognizes that related party transactions need to be reviewed as per the provisions of the Act and the Listing Agreement. The Board has adopted this Policy to set forth the procedures under which transactions with related parties shall be reviewed for approval or ratification in accordance with the procedures set forth below:
  - 2.1.1 This Policy also aims to comply with the applicable laws.
  - 2.1.2 No related party transactions may be entered into by the Company, except in accordance with the provisions of this Policy and applicable laws.

#### 3. Definition

Definition of some of the key terms used in this policy are given below:

- a) '**Act**' means Companies Act, 2013, as amended from time to time.
- b) '**Arm's Length Transaction**' means a transaction between the Company and its Related Party(ies) that is conducted as if they were unrelated and at a fair value, so that there is no conflict of interest.

- c) **'Associate Company'**, means any company, in which the Company controls at least twenty per cent (20%) of total share capital or controls business decisions under an agreement, including a joint venture company but not a subsidiary of the Company.
- d) **'Audit Committee' or 'Committee'** means Committee of Board of Directors of the Company constituted under provisions of the Act and the Listing Agreement.
- e) **'Director'** means a director on the board of the company.
- f) **'Key Managerial Personnel or KMP'** means a key managerial personnel as defined under the Act.
- g) **'Material Related Party Transaction'** means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent (10%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- h) **'Policy'** means this Related Party Transaction Policy.
- i) **'Related Party'** has the same meaning as assigned to it under the Act and Clause 49 of the Listing Agreement, as amended from time to time.
- j) **'Related Party Transaction'** means transaction in the nature of contract involving transfer of resources, services or obligations between the Company and its Related Party, regardless of whether a price is charged or not.

A transaction with a related party shall be construed to include transaction or a group of transactions in a contract.

- k) **'Stock Exchanges'** means the stock exchanges where equity shares of the Company are listed.
- l) **'Subsidiary company' or 'subsidiary'** means the company as defined under Section 2(87) of the Companies Act, 2013. However, for the purpose of compliance under Clause 49 of the Listing Agreement, subsidiary or subsidiary company means the company as defined under the accounting standards issued by the Institute of Chartered Accountant of India.
- m) **'Total Share Capital'** means the aggregate of the (a) paid-up equity share capital; and (b) convertible preference share capital.

Words and expressions not defined in this Policy shall have the same meaning as contained in the Act read with the Rules made thereunder, the Listing Agreement or any other applicable laws or regulations.

#### 4. Policy

All Related Party Transactions shall be placed before the Audit Committee for its pre-approval in accordance with this Policy.

#### 4.1 Identification of Related Parties

- a) Each Director and KMP shall disclose to the Company Secretary in form MBP-1, at the time of appointment, beginning of every financial year and whenever there is any change in the disclosure so made, about all persons, entities, firms in which he/she is interested, whether directly or indirectly.
- b) The Chief Financial Officer, at the beginning of every financial year, shall provide the information to the Company Secretary about the related parties within Ishaan Infrastructure Group i.e. subsidiaries, associates, joint ventures etc. and subsequent changes therein forthwith (If any).
- c) The Company Secretary shall compile the information received from all concerned and send the information about such Related Parties to Functional Heads (i.e. Accounts, Finance, Legal, HR, Marketing etc.), Business Heads and any other concerned person for their information and any necessary action.
- d) Functional Head / Business Head shall forward to the Company Secretary and Chief Financial Officer, the details of any proposed Related Party Transaction with the draft terms and conditions or other related information and certifying that such Transactions are at arm's Length and in ordinary course of business. The Company Secretary or the Chief Financial Officer, upon receipt of such information, will furnish the same to Audit Committee for its approval and further action, if any.
- e) Any proposed modification(s) in the Related Party Transactions already entered into shall be intimated to the Company Secretary and Chief Financial Officer by the Functional Head / Business Head, which shall be placed before the Audit Committee for its prior approval in accordance with this Policy.

#### 4.2 Approval of Audit Committee

- a) All the Related Party Transactions shall require **PRIOR** approval of the Audit Committee.
- b) The Audit Committee may grant omnibus approval for Related Party Transactions subject to the conditions as laid down under Clause 49 of the Listing Agreement, as amended from time to time.
- c) Any member of the Audit Committee who has a potential conflict of interest in any Related Party Transaction shall abstain from discussion and voting.

#### 4.3 Approval of Board of Directors

- (A) The following Related Party Transactions which are not in the ordinary course of business or are in the ordinary course of business but are not Arm's Length Transactions shall require prior approval of the board:

- I. sale, purchase or supply of any goods or materials.
- II. selling or otherwise disposing of, or buying, property of any kind;
- III. leasing of property of any kind;
- IV. Availing or rendering of any services.
- V. appointment of any agent for purchase or sale of goods, materials, services or property;
- VI. such Related Party's appointment to any office or place of profit in the Company, its subsidiary company or Associate Company; and
- VII. Underwriting the subscription of any securities or derivatives thereof, of the Company.

**(B)** All the Material Related Party Transactions shall be considered and approved by the Board before placing them before shareholders for their approval except for those transactions that do not require approval under Section 177 and 188 of the Act; and are transactions entered into between the Company and its wholly-owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

**(C)** Where any Director is interested in any Related Party Transaction, such Director will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction.

For the purpose of this Policy, wholly-owned subsidiary means a company whose 100% voting power, directly or indirectly, is controlled by another company i.e. holding company.

#### **4.4 Approval of Shareholders**

**(A)** Related Party Transactions set out in Clause 4.3 (A) above, which exceed the limits as prescribed under Section 188 of the Act read with Rule 15 of the Rules shall be placed for shareholders approval by way of a special resolution. Any shareholder which is a Related Party in the context of the proposed Related Party Transaction shall abstain from voting on such resolution in terms of the provisions of the Act.

**(B)** Subject to the second proviso of Clause 49 (VII) (E), all Material Related Party Transactions shall be approved by the shareholders and their approval will be sought by way of a special resolution. The Related Party(ies) shall abstain from voting, irrespective of whether the entity is a party to the particular transaction, on such resolution in terms of the provisions of the Listing Agreement.

#### **4.5 Approval of Related Party Transactions**

**(A)** To approve a Related Party Transaction, the Committee/ Board/ shareholders, shall be provided all relevant material information of the Transaction, including the

terms, purpose of the transaction and such other details as required under the applicable law or by the Committee/Board, as the case may be. While approving a Related Party Transaction, the Committee/Board will consider the following factors, among others, to the extent relevant:

- <sup>3</sup>/<sub>4</sub> Whether the terms on which Related Party Transaction proposed are fair and on arm's length basis to the company;
- <sup>3</sup>/<sub>4</sub> Whether the Related Party Transaction would affect the independence of an independent director;
- <sup>3</sup>/<sub>4</sub> Whether the Related Party Transaction includes any potential reputational risk that may arise as a result of or in connection with the proposed transaction; and
- <sup>3</sup>/<sub>4</sub> Whether the Related Party Transaction would present conflict of interest for any Director or KMP of the Company.
- <sup>3</sup>/<sub>4</sub> 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 shall be entitled to seek a legal opinion/clarification for the same.
  - (B)** The Audit Committee shall consider all relevant facts and circumstances regarding a Related Party Transaction placed before it.
  - (C)** In the event of any Director, KMP or any other employee become aware of any Related Party Transaction(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 such transaction, who shall ensure that such transaction is brought to the notice of the Audit Committee or the Board, as applicable, at the earliest.
  - (D)** The Audit Committee / Board shall evaluate such transaction(s) and may decided necessary action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction.

## 5. Disclosure

- a)** In terms of the provisions of Section 134(3)(h) of the Act, Related Party Transactions requiring approval of Board/Shareholders under Section 188 of the act shall be disclosed in the boards Report along with the justification for entering into such Related Party Transactions.
- b)** Details of all Material Related Party Transactions shall be disclosed quarterly along with Company's Compliance Report on Corporate Governance, in accordance clause 49 of the Listing Agreement.
- c)** This Policy shall be disclosed on the website of the Company and a web link thereto shall also be provided in the Annual Report.

d) The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any Related Party.

**6. Policy Review**

a) This Policy is based on the provisions of the Act and rules framed there under and as per the requirements of the Clause 49 of the Listing Agreement.

b) In case of any changes in the provisions of the Act, the Listing Agreement or any other regulation which are inconsistent with the Policy, such amended provisions would prevail over the Policy.

c) The Company Secretary and Chief Financial Officer jointly authorized to amend this Policy to be consistent with the prevailing provisions of the Act and Listing Agreement, which shall be placed before the Audit Committee and Board for their approval.

**7. General**

In case of any doubt with regard to any provision of the Policy and also in respect of matters not covered herein, a reference shall be made to the Chairman of the Committee. In all such matters, the interpretation and decision of the Chairman shall be final. The Company reserves the right to modify, cancel, add, or amend any clause of this Policy as set out above.

\*\*\*\*\*