

ISHAAN INFRASTRUCTURES AND SHELTERS LIMITED

Related Party Transaction Policy

INTRODUCTION AND SCOPE

In terms of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations"), every company which has listed its specified securities is required to formulate a policy on materiality of related party transactions including clear threshold limits and on dealing with related party transactions.

In compliance with the provisions of the Regulations, the Board of Directors of the Company have adopted this "Related Party Transaction Policy" (Policy) in order to define materiality of related party transactions and manner of dealing with related party transactions. The Policy aims to ensure proper approval and reporting of related party transactions between the Company and its related parties. The Company recognizes that related party transactions may have potential or actual conflicts of interest and may raise questions whether such transactions are consistent with the Company's and its shareholders interest and in compliance with the laws applicable to the Company. Such transactions shall be considered appropriate only if they are in the best interest of the Company and its shareholders.

DEFINITIONS

"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, and the term 'arm's length' shall be construed accordingly.

"Audit Committee" or **"Committee"** means a committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 read with rules framed thereunder and Regulation 18 of the Regulations.

"Board" means Board of Directors of the Company.

"Company Secretary" means a person who is appointed by the Company to perform the functions of the Company Secretary under provisions of the Companies Act, 2013.

"Key Managerial Personnel" means -

- (a) the chief executive officer or the managing director or the manager of the Company;
- (b) the company secretary of the Company;
- (c) the whole - time director(s) of the Company;
- (d) the chief financial officer of the Company;
- (e) such other officer as may be prescribed under Section 2(51) of the Companies Act, 2013.

"Material Related Party Transaction" means

- (i) a transaction(s) with a related party which individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company;

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- (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, exceed 2% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

APPROVAL OF RELATED PARTY TRANSACTION

Approval of the Audit Committee

Every related party transaction shall be approved by the Audit Committee as required in terms of the provisions of the Companies Act, 2013 and the Regulations. To review a related party transaction which requires approval of the Audit Committee, the Audit Committee will be provided with all relevant material information to assist it in deciding whether or not to approve the transaction.

The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature subject to the following conditions:

- The Audit Committee shall satisfy itself on the need for omnibus approval and whether such approval is in the interest of the Company;
- The omnibus approval shall contain the name of the related party(ies), nature and duration of the transaction, maximum amount of transaction that can be entered into, the indicative base price or current contracted price and the formula for variation in the price, if any, and such other conditions, as the Audit Committee may deem fit;

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may make omnibus approval for such transactions subject to their value not exceeding INR 1 crore per transaction.

- Omnibus approval shall be valid for a period not exceeding 1 (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 the Company;
- The Audit Committee shall, at least on quarterly basis, review the details of the related party transactions entered into by the Company pursuant to each of the omnibus approval.

Approval of the Board of Directors of the Company

The Board of Directors of the Company shall be required to approve such related party transactions as are required to be approved by it in terms of Companies Act, 2013, the Regulations and transactions referred to it by the Audit Committee for its approval.

Interested Director / Audit Committee Members not to participate

Where any Director / member of the Audit Committee, whether directly or indirectly, is concerned or interested in a related party transaction in terms of the provisions of Section 184 of the Companies Act, 2013, such Director / member of the Audit Committee, shall disclose the nature of his concern or interest and shall not be present at the meeting during discussions on such transactions.

Approval of the Shareholders of the Company

All Material Related Party Transactions shall require approval of shareholders of the Company through resolution (unless it is exempted pursuant to the provisions of the Regulations) and the related parties of the Company shall not vote to approve such resolution(s).

All related party transactions [other than transactions between the Company and its wholly-owned subsidiary(ies)] 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 and the related parties of the Company who are related parties in context of the contract or arrangement, shall not vote to approve such resolution(s).

DISCLOSURE OF RELATED PARTY TRANSACTIONS

Board's Report

Every contract or arrangement entered into under Section 188(1) of the Companies Act, 2013, shall be referred to in the Board's report to the shareholders of the Company along with justification for entering into such contract or arrangement.

Stock Exchanges & Website

The Company shall within 30 days from the date of publication of its standalone and consolidated financial results for the half year, submit disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results, to the Stock Exchanges where securities of the Company are listed and publish the same on the website of the Company.

IDENTIFICATION OF RELATED PARTIES AND RELATED PARTY TRANSACTIONS

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.

Company Secretary shall identify other persons or entities that would be regarded as related parties on account of their relationship as mentioned in the definition of related parties on a half yearly basis based on the information available with him or after making enquiries as may be necessary.

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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 identified by him. Such list shall be circulated to all the persons having authorities to carry out any transactions so that the Policy can be adhered to.

Audit Committee may determine the procedure to be followed for declaration as well as compilation and circulation of comprehensive list of related parties.

Every officer of the Company entrusted with the authority to enter into any transaction shall be responsible for providing notice to the Board or Audit Committee, through the secretarial department of the Company of any potential related party transaction involving the Company and the related party listed in the comprehensive list prepared and circulated by the Company Secretary of the Company.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Committee / Board. The Committee / Board shall consider all of the relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction. The Committee / Board shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Committee / Board under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee / Board determines not to ratify a related party transaction that has been commenced without approval, the Committee / Board, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a related party transaction, the Committee / Board has authority to modify or waive any procedural requirements of this Policy which are not statutory.

REVIEW OF POLICY

This Policy shall be reviewed as and when considered necessary by the Board, but at least once in every 3 years.