

Policy and Procedures for the Related Party Transactions (RPT)

I Overview :

Noida Toll Bridge Company Limited (NTBCL) (the “Company”) has established and adopted this Policy for Related Party Transactions pursuant to the provisions of Section 188 of the Companies Act, 2013 (“the Act”) and Rules framed there under

This Policy and Procedure Regarding RPTs (“Policy”) describe the process for identifying and approval or ratification of the RPTs including any modification thereof as well as establishing certain reporting requirements

II Statutory Provisions pertaining to the RPTs :

Statutory provisions with respect to the RPTs are covered in Sections 2 (76), 2(77) and 188 of the Act and Rule 15 of the Companies (Powers of the Board and Meetings) Rules, 2014 and under Clause 49 of the Listing Agreement, attached as **Annexure 1**

III Scope & Applicability :

This Policy applies to all the transactions of the Company with the Related Parties including changes in the list of related parties from time to time. The current Related Parties **Annexure II**

IV Policy Statement:

- (1) The Company and its Officers shall not enter into any RPT unless such transaction is in the Ordinary Course of Business and on an Arm’s Length Basis and/or a Transaction within the “RPT Framework”
- (2) The RPT Policy and RPT Framework will be reviewed, amended and approved from time to time, as the case may be, by the Board of Directors on the recommendation of the Audit Committee of Directors of the Company.
- (3) Subject to the compliance with the RPT Policy and RPT Framework, all RPTs of the Company are to be approved by the Audit Committee of Directors or such other Committee authorised by the Board of Directors of the Company, prior to its execution

V Definitions :

(1)	Related Party	<p>(a) is/are as defined in Section 2 (76) of the Act and the Companies (Meetings of the Board and its Powers) Rules, 2014 and revisions which may take place in the said enactments from time to time.</p> <p>(b) As defined in the Listing Agreement signed with the Indian Stock Exchanges and any amendments thereto, from time to time.</p>
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		(c) Reference and reliance may be placed on the clarification issued by the Ministry of the Corporate Affairs, Government of India, Securities Exchange Board of India and other authorities from time to time on the interpretation of the term “Related Party”
(2)	Relative	in relation to a Related Party is as defined in Section 2(77) of the Act and Companies (Specification of Definitions Details) Rules, 2014 and revisions which may take place in the said enactments from time to time
(3)	Key Managerial Personnel (KMP)	means (a) the Chief Executive Officer or the Managing Director or the Manager; (b) in its absence the Whole-Time Director; (c) the Company Secretary; (d) the Chief Financial Officer; or (e) any other person appointed as the KMP by the Board of Directors of the Company
(4)	Initiator of RPT	means: (a) any person responsible for initiating the RPT process under this Policy in conformity with the RPT Framework (b) the responsibility to consult the RPT Policy and RPT Framework vests with each Functional Head
	Omnibus Approval (s)	is the approval granted by the Audit Committee of Directors to enter into RPTs which are repetitive/routine in nature based on the defined parameters specified in Clause 49 and for which approval is valid for a period not exceeding 1 year and which requires fresh approval after the expiry of 1 year
(5)	RPT	Company may enter into transactions with its Related Parties from time to time Such transactions will be entered into on the basis of : (a) this Policy and RPT Framework approved and amended from time to time and (b) provisions of the Act and other applicable laws, if any

(6)	Approved RPT Framework	the RPTs Framework will be approved by : (a) the Audit Committee and Board of Directors (b) Amendments thereto from time to time which will also be approved by the Board of Directors of the Company
(7)	Exempt RPT	is an RPT which is covered under the RPT Framework and will be considered as an Exempt RPT under Section 188 of the Act and Rules framed thereunder and includes a transaction falling under Omnibus Approvals .
(8)	Non Exempt RPT	is a RPT : <ul style="list-style-type: none"> - Falling outside the scope of the RPT Framework and /or - Which are not in the Ordinary Course of Business and / or not on an Arm's Length basis - Value exceeding 10% of the annual turnover or Rs. 50 crore, whichever is lower. <p>will be considered as the Non - Exempt RPT and shall be liable for the compliance requirement prescribed under this Policy</p>
(9)	Board of Directors or Board	means the collective body of the Directors of the Company
(10)	Audit Committee	means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Act and Clause 49 of the Equity Listing Agreement
(11)	Executive Director (ED)	Means a person appointed as the Whole time Director of the Company
(12)	Chief Executive Officer (CEO)	means a person appointed as the Chief Executive Officer of the Company
(13)	Chief Operating Officer	means a person appointed as the Chief Operating Officer of the Company
(14)	Chief Financial Officer (CFO)	means a person appointed as the Chief Financial Officer of the Company
(15)	Company Secretary (CS)	means a Company Secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 who is appointed by the Company to perform the functions of a Company Secretary under the Act

(16)	Assessors	Executive Director/Chief Executive Officer, Chief Operating Officer (if any), Chief Financial Officer, Company Secretary, or any other Functional Head or person designated as the Assessor (collectively referred to as “the Assessors”). Each RPT shall be assessed by at least three Assessors viz <u>the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Company Secretary</u>
(17)	Competent Authority	Audit Committee, Board of Directors, Shareholders are jointly and/or severally referred to as the Competent Authority
(18)	Materiality Threshold	Any individual transaction or aggregate of them, with a related party, in a financial year, exceeding the limit for materiality laid down under Clause 49 or such amount as may be approved by the shareholders in the manner provided under the applicable law

VI Interpretation of the Policy:

In this Policy singular expression shall include the plural thereof. This Policy shall be interpreted and administered by or under the direction of the Audit Committee, which shall have the authority to construe, interpret, implement, delegate, review or restate this Policy

VII Effective Date :

- (1) This Policy is effective April 01, 2014 (Effective Date)
- (2) All RPTs entered into from the Effective Date and till the date of the approval of this Policy shall be placed before the Audit Committee for review and further recommendation if not already done.

VIII Identification of the Related Parties :

- (1) On an annual basis, the CS shall request a disclosure from each Director and a KMP and other Related Parties within the meaning of Section 2(76) of the Act in the prescribed format
- (2) Directors and KMPs would be responsible for promptly notifying the CS in case of any changes / updates occur in the Related Parties declared by them
- (3) Any individual appointed/elected as a director or KMP shall be responsible to promptly complete and submit to the Company Secretary, the Disclosure declaration referred in VII (1) above
- (4) The CS shall be responsible to maintain the updated list of Related Parties based on the disclosures received from them

IX RPTs with Wholly Owned Subsidiaries :

- (1) In case of RPT/s with a Wholly Owned Subsidiary (WOS) of the Company, the Special Resolution passed by the Shareholders of the Company in the General Meeting shall be sufficient for the purpose of entering into such transactions
- (2) WOS shall provide the relevant information to the Company as and when required
- (3) Such Special Resolution passed by the Company should be noted/approved by the Board of Directors of the WOS

X RPT Framework:

- (1) The Board of Directors of the Company will approve the RPT Framework and delegate the same to the Audit Committee which will regulate the RPTs falling within this Policy and such RPTs will be approved by the Audit Committee of Directors in accordance with the RPT Policy and RPT Framework.
- (2) Company's transactions with the Related Parties falling within the said Framework would be considered / deemed to be in the Ordinary Course of Business and on an Arm's Length basis and would be considered as the Exempt Transactions
- (3) All the RPTs of the Company will be subjected to extensive evaluation and assessment procedure prescribed herein

XI Omnibus Approval:

In addition to executing RPT as per RPT Policy and RPT Framework, the Company may seek omnibus approval of the Audit Committee for the proposed RPT, if need arises, in compliance with conditions laid down in Clause 49 as amended from time to time. For such Omnibus Approval, following conditions shall be fulfilled:

- (1) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- (2) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- (3) Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) 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, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

- (4) 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) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year

XI Notification, Approval, Rejection of an RPT :

(1)	Notification of RPT	<p>(a) No RPT shall be executed by the Company unless such RPT is covered within the scope of the approved RPT Framework</p> <p>(b) If advised by the Audit Committee, an RPT shall be subjected to the approval from Board of Directors and the Share Holders of the Company, as per the requirement of the Act.</p>
(2)	Initiators' Responsibilities	<p>Initiators seeking approval of RPT shall comment/provide :</p> <p>(a) Whether the intended Transaction is a RPT within the meaning of Section 188</p> <p>(b) <u>If yes:</u> Name/s of the Related Party(ies) and how it is a Related Party for the Company</p> <p>(c) Provide the justification for entering into the RPT (Commercial/ Ordinary Course of Business and Arm's Length)</p>
(3)	RPT Evaluation by the Assessors	<p>With respect to each transaction sent for approval; Assessors shall comment and confirm the following :</p> <p>(a) Whether the intended transaction is a RPT within the meaning of Section 188</p> <p>(b) justification for the intended RPT (Commercial/Ordinary Course of Business and the sufficiency of the documentation for Arm's Length)</p> <p>(c) whether it falls within the approved RPT Policy and the Framework and its exemption status</p>

(4)	Preliminary Assessment of RPTs	<p>(a) If in the opinion of any of the Assessors the intended transaction is not exempt RPT such transaction will be referred back to the Initiator with reasons therefore</p> <p>(b) If in the opinion of any of the Assessors, the intended transaction is not an Exempt RPT, such transaction may, on the advice of the ED/CEO, be referred to the Audit CoD for review and further directions</p> <p>(c) If in the unanimous opinion of the Assessors, the intended transaction is an exempt RPT, such transaction will be referred to the Audit CoD for approval</p>
(5)	Approval of the RPTs	<p>The Audit Committee of Directors, upon receipt of the comments from the Assessors, shall review the RPT, documentary substantiation and comments of the Assessors and may take the following actions :</p> <p>(a) Approve the RPTs for execution</p> <p>(b) Send the RPT back for seeking additional justification or substantiation</p> <p>(c) Reject the RPT</p> <p>(d) Recommend the RPT for approval of Board of Directors or Shareholders as the case may be</p>
(6)	Approval of the RPTs not covered by the RPT Framework	Transactions that are not covered by the RPT Policy and RPT Framework will be referred to Audit Committee for review and directions.

XII Procedure for Approval of the Non Exempt RPT:

- (1) Audit Committee will be responsible for assessment and approval of the Non-Exempt RPTs
- (2) The Audit Committee will review and assess the said Non Exempt RPT and if the RPT is found :

Exempt	Approve the RPT for execution
Non Exempt	Recommend to the Board of Directors for further direction and compliance

XIII Ratification of the RPT :

- (1) RPTs entered into inadvertently or accidentally without the approval of the Competent Authority needs to be ratified within three months from the date of the execution of the said RPT by the Board/Shareholders of the Company
- (2) If such RPTs are not ratified by the Board/Shareholders of the Company as the case may be, such transaction shall be *void ab initio* and not binding on the Company

XIV Reporting and Review:

(1) Quarterly Reporting:

At each quarterly Meeting of the Audit Committee, the CFO shall provide a comprehensive Report summarizing all RPTs, for the immediately preceding fiscal Quarter of the Company including all RPTs (exempt/non-exempt) assessed by the Committee of Directors in accordance with the RPT Policy and the RPT Framework

(2) Review of RPT Policy and Framework:

The Board may from time to time review the RPT Policy and / or the RPT Framework as it may deem fit subject to the applicable provisions of the Act and Clause 49 of Equity Listing Agreement

(3) RPT Audits :

The Internal Auditor or such other Independent professional as may be appointed by the Audit Committee from time to time, shall review all RPTs entered into by the Company vis a vis RPT Policy and Framework of the Company and the applicable laws

XV Competent Authority for RPT Policy and Framework:

The Audit Committee of the Company, subject to supervision of the Board, shall be the Competent Authority for investigating and taking an appropriate disciplinary action for any breach and / or defaults in complying with this Policy. Such disciplinary action shall be in addition to the penal provisions of the Act

XVI Compliance with the RPT Policy :

- (1) Every person responsible for RPT shall be accountable for complying with this Policy
- (2) A Director or any other employee of a company, who had entered into or authorised the contract or arrangement in violation of the RPT Policy and RPT Framework shall be guilty of non-compliance
- (3) In case of breach of this Policy; Audit Committee and/or Board of Directors may initiate appropriate action against the person/s responsible

- (4) A person shall not be eligible for the appointment as a Director of a Company if he has been convicted of the offence under Section 188 of the Act at any time during the last preceding five years

XVII Disclosure of the RPTs:

RPTs and prescribed details thereof will be disclosed in the Directors' Report in accordance with the provisions of the Act and Rules framed thereunder

XVIII Governing Law and Amendments:

The RPT Policy along with RPT Framework will be governed by the relevant provisions of the Act and Rules framed thereunder and amendments thereto from time to time. This Policy and the RPT Framework may be reviewed and/or amended at any time and/or subject to the revisions on the applicable laws, regulations and amendment thereto from time to time and/or the actions taken by the Board of Directors or the Audit Committee of the Company

Statutory provisions governing RPTs

Related Parties pursuant to Section 2(76) of the Act

Related party with reference to a Company means:

- (i) a Director or his Relative
- (ii) a Key Managerial Personnel or his Relative
- (iii) a Firm, in which a Director, Manager or his Relative is a Partner
- (iv) a Private Company in which a Director or Manager or Relative is a member or a Director
- (v) a Public Company in which a Director or Manager is a member or a Director; and holds along with his relatives more than two per cent of its paid up share capital
- (vi) Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with the advice, directions or instructions of a Director or Manager;
- (vii) any person on whose advice, directions or instructions a Director or Manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- (viii) any company which is
 - a Holding, Subsidiary or an Associate Company of such Company; or
 - a Subsidiary of a Holding Company to which it is also a Subsidiary;
- (ix) such other person as may be prescribed (Currently the prescribed persons include Director, KMP of the Holding Company and his relatives);

Statutory Provisions governing RPTs

Relatives pursuant to Section 2(77) of the Act

Following persons are considered Relatives for the purpose of Act:

- (1) Spouse
- (2) Members of Hindu Undivided Family
- (3) A person shall be deemed to be the relative of another, if he or she is related to another in the following manner:
 - (a) Father:
Provided that the term “Father” includes step-father
 - (b) Mother:
Provided that the term “Mother” includes the step-mother
 - (c) Son:
Provided that the term “Son” includes the step-son
 - (e) Son’s wife
 - (f) Daughter
 - (g) Daughter’s husband
 - (h) Brother:
Provided that the term “Brother” includes the step-brother;
 - (i) Sister:
Provided that the term “Sister” includes the step-sister.

Limits under Section 188 of the Companies Act, 2013 (Read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014)

“Related Party Transaction

- (1) Except with the consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed, no company shall enter into any contract or arrangement with a related party with respect to:
- (a) sale, purchase or supply of any goods or materials directly or through the appointment of any agent; (exceeding 10% of turnover or Rs 100 crs whichever is lower)
 - (b) selling or otherwise disposing of, or buying, property of any kind; (exceeding 10% of turnover or Rs 100 crs whichever is lower)
 - (c) leasing of property of any kind; (exceeding 10% of turnover or Rs 100 crs whichever is lower)
 - (d) availing or rendering of any services; (exceeding 10% of turnover or Rs 50 crs whichever is lower)
 - (e) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and (Rs 2.5 lacs per month)
 - (f) underwriting the subscription of any securities or derivatives thereof, of the company: (1% of net worth)

Provided that no contract or arrangement, in the case of a company having a paid-up share capital of not less than such amount or transactions not exceeding such sums (as prescribed in Rule 15 and given hereunder), as may be prescribed, shall be entered into except with the prior approval of the company by a special resolution:-

Provided further that no member of the company shall vote on such special resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party:

Provided also that nothing in this sub-section shall apply to any transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis.

Explanation.— In this sub-section,—

- (a) the expression “office or place of profit” means any office or place—
 - (i) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

- (ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
 - (b) the expression “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.
- (2) Every contract or arrangement entered into under sub-section (1) shall be referred to in the Board’s report to the shareholders along with the justification for entering into such contract or arrangement
 - (3) 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 special resolution in the general meeting under sub-section (1) 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 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.
 - (4) Without prejudice to anything contained in sub-section (3), it shall be open to the company to proceed against a director or any other employee who had entered into such contract or arrangement in contravention of the provisions of this section for recovery of any loss sustained by it as a result of such contract or arrangement.
 - (5) Any director or any other employee of a company, who had entered into or authorised the contract or arrangement in violation of the provisions of this section shall,—
 - (i) in case of listed company, be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees, or with both; and
 - (ii) in case of any other company, be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees”

Extracts from Clause 49 (VII) of the Listing Agreement on provisions applicable to Related Party Transactions

“Related Party Transactions

- A. A related party “transaction” is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.
Explanation: A “transaction” shall be construed to include single transaction or a group of transactions in a contract
- B For the purpose of Clause 49 (VII), an entity shall be considered as related to the Company if:
- (i) such entity is a related party under Section 2(76) of the Companies Act, 2013;
 - or
 - (ii) such entity is a related party under the applicable accounting standards.

- C. The company shall formulate a policy on materiality of related party transactions and also on dealing with Related Party Transactions.

Provided that a transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

- D. All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:
- (i) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
 - (ii) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
 - (iii) Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) 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, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

- (iv) Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
 - (v) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year,
- E. All material Related Party Transactions shall require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions.

Provided that sub-clause 49 (VII)(D) and (E) shall not be applicable in the following cases:

- (i) transactions entered into between two government companies;
- (ii) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

Explanation (i):For the purpose of Clause 49(VII), "Government company" shall have the same meaning as defined in Section 2(45) of the Companies Act, 2013."

Explanation(ii):For the purpose of Clause 49(VII), all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not."

VIII. Disclosures

A. Related Party Transactions

- (i) Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- (ii) 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.”

Related Parties of Noida Toll Bridge Company Limited

(1) With reference to NTBCL existing Related Parties are as listed below:

- *IL&FS Transportation Networks Limited (ITNL) as an Associate Company*
- *ITNL Toll Management Services Limited (ITMSL) as a subsidiary Company*
- *Board of Directors & their relatives.*
- *Key Manager Personnel- (Mr. Ajai Mathur, Mr. Rajiv Jain and Mr. Dhiraj Gera)*