NIIT LIMITED

Version 1.3

Related Party Transaction Policy w.e.f. July 26 2016

RELATED PARTY TRANSACTION POLICY

The Company had initially introduced and implemented the Company's Policy on Related Party Transactions in accordance with the requirements of Section 188 of the Companies Act, 2013 ("**Companies Act**") and Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges ("**Listing Agreement**"). Thereafter, pursuant to introduction of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and amendments in the Companies Act 2013, (Act) the Company has revised its Policy on Related Party Transactions to align it with the provisions of the Listing Regulations and the Act.

This revised and amended Policy has been adopted by the Board of Directors of the Company at its meeting held on July 26, 2016, based on the recommendations of the Audit Committee.

This Policy will supersede the Company's Policy on Related Party Transactions which was adopted by the Board at its meeting held on October 17, 2014.

1. OBJECTIVE

This Policy is intended to put into place the mechanism for identifying, reviewing and approving transactions between the Company and Related Parties (*defined hereinafter as*"**Related Party Transactions**").

This Policy has been prepared on fundamental principle that the Company shall enter into only such Related Party Transactions that are in the best interests of the Company and its shareholders.

2. 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, as defined in the Act.

"Associate Company" means any company in which the Company has significant influence, but which is not a subsidiary of the Company having such influence, and includes a joint venture company.

"Audit Committee" or **"Committee"** means the Committee of Board of Directors of the Company, constituted under provisions of Listing Regulations and the Act.

"Board of Directors" or **"Board"** means the Board of Directors of NIIT Limited, as constituted from time to time.

"Company" means NIIT Limited.

"Control" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and under the provisions of the Act (as amended from time to time).

"Key Managerial Personnel" or **"KMP"** means the key managerial personnel of the Company as defined under the Act (as amended from time to time), and includes:

- Managing Director, or Chief Executive officer or Manager and in their absence whole time director
- the Company Secretary; and

- the Chief Financial Officer;

"**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 transaction(s) during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

"**Ordinary course of business**" means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per its Memorandum of Association & Articles of Association, from time to time.

"Policy" means this Related Party Transaction Policy.

"Related Party" means

a) a director or his relative;
b) a key managerial personnel or his relative;
c) a firm, in which a director, manager or his relative is a partner;
d) a private company in which a director or manager is a director and holds along with his relatives, more than two percent of its paid-up share capital;
e) 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;
f) any person on whose advice, directions or instructions a director or manager is accustomed to act:
   Provided that nothing in sub clauses e and f shall apply to the advice, directions or instructions given in a professional capacity;
g) 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;
h) such other person as may be prescribed.

"Related Party Transaction" means any contract or arrangement with a Related Party with respect to:-

a) sale, purchase or supply of any goods or materials;
b) selling or otherwise disposing of, or buying, property of any kind;
c) leasing of property of any kind;
d) availing or rendering of any services;
e) appointment of any agent for purchase or sale of goods, materials, services or property;
f) such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
g) underwriting the subscription of any securities or derivatives thereof, of the Company.

Further, Related Party Transaction shall also include transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged or not.

Further, a "transaction" with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

"Relatives" with reference to any person, means any one who is related to another if –

a) they are members of a Hindu undivided family;
b) they are husband and wife;
c) Father;
d) Mother;
e) Son;
f) Son's wife
g) Daughter
h) Daughter's husband
i) Brother
j) Sister

"Significant influence" means control of at least twenty percent (20%) of total share capital or of business decision under an agreement.

"Subsidiary" shall mean a company in which the holding company

i. controls the composition of Board of Directors or

ii. exercise or control more than one half of total share capital, either at its own or together with one or more of its subsidiary companies.

Any other term not defined herein shall have the same meaning as defined in the Act, Listing Regulations or any other applicable law or regulation, as amended from time to time.

3. IDENTIFICATION, APPROVAL AND REVIEW OF RELATED PARTY TRANSACTIONS

The Company shall follow the following for the purpose of identification, approvals and review of all Related Party and/or Related Party Transactions (irrespective of the value / materiality of the same):

A. IDENTIFICATION OF RELATED PARTIES

All Directors are responsible for informing the Company of their interest as under (including interest of their Relatives) in other companies, firms or concerns at the time of appointment, at the beginning of every financial year and within 30 days of any change in such interest during the year:

i. Names of his/her Relatives;
ii. Partnership firms in which he/she or his/her Relative is a partner;
iii. Private Companies in which he/she or his/her Relative is a member or a Director;
iv. Public Companies in which he/she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
v. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his/her advice, directions or instructions; and
vi. Persons on whose advice, directions or instructions, he/she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Every Key Managerial Personnel (KMP) of the Company will be responsible for providing a declaration containing the following information to the Company Secretary at the time of appointment, at the beginning of every financial year and within 30 days of any change in such interest during the year:

i. Names of his/her Relatives;
ii. Partnership firms in which he/she or his/her Relative is a partner;

B. IDENTIFICATION OF RELATED PARTY TRANSACTIONS

All Directors, KMPs, Officers authorised to enter into contracts/arrangements will be responsible for providing prior Notice to the Company Secretary of any Related Party Transaction, including any additional information about the transaction that the Audit Committee/Board may request. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction is in the ordinary course of business and on an arm's length basis. Besides the above, the Company will also identify any other Related Party as required under the Act and Rules thereunder and the Listing Regulations as may be applicable.

C. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION

I. Prior approval of Audit Committee

All related party transactions shall require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

a. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following namely:
   i. Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
   ii. The maximum value per transaction which can be allowed;
   iii. Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
   iv. Review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the Company pursuant to each omnibus approval;
   v. Transactions which cannot be subject to the omnibus approval by the Audit Committee.

b. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-
   i. repetitiveness of the transactions (in past or in future);
   ii. justification for the need of omnibus approval.

c. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company. Further, Omnibus approval is categorized into two parts :
   i. Identifiable transactions :
      For identifiable transactions, the omnibus approval shall provide details of
      - the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into,
      - basis of arriving at the indicative base price / current contracted price and the formula for variation in the price if any and
      - such other conditions as the Audit Committee may deem fit.
   ii. Unidentifiable transactions :
      Unidentifiable transactions are those transactions where the need for related party transactions cannot be foreseen and aforesaid details are not available. Audit Committee may grant omnibus

approval for such transactions subject to their value not exceeding Rupees 10 million per transaction.

d. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions by the Company pursuant to the omnibus approval;

e. Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.

f. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

g. Any other conditions, as the Audit Committee may deem fit.

II. Approval of Board of Directors

Related Party Transactions which are (a) not at Arm's Length or not in the ordinary course of business; and (b) within the thresholds laid down in Act or Listing Regulations (or elsewhere) required to be approved by the Board of the Company under the provisions of the Act and Listing Regulations.

III. Approval of Shareholders

All material Related Party Transactions shall require approval of Shareholders of the Company (as required by the Act or Listing Regulations) and Related Parties shall abstain from voting on such resolution whether the entity is Related Party to particular transaction or not (as required by the Act or Listing Regulations).

In addition to the above, all kinds of transactions as specified in Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds, if any laid down in Act or Listing Regulation (or elsewhere) shall be placed before the Shareholders of the Company for their approval.

D. EXCLUSIONS/EXEMPTIONS

The following transactions shall not require approval of Committee or Board or Shareholders:

a. Any transaction that involves the providing of reimbursements or advances to a director or KMP to meet expenditure in the course of his or her duties as such Director or KMP of the Company or any of its subsidiaries or associates.
b. Any transaction in which the interest of Related Party arise solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
c. 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.
d. Any other transaction which may be prescribed by Act or Listing Regulations from time to time.

E. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

The Committee/Board/Shareholders (as the case may be), will be provided with all relevant material information for approval of any Related Party Transaction, including the terms / nature of the transaction, value, business purpose of the transaction, and such other details as prescribed under applicable law or required by Committee/Board.

In determining whether to approve a Related Party Transaction, the Committee/Board will consider the following factors, among others, to the extent relevant to any Related Party Transaction:

a. Whether the terms of the Related Party Transaction are fair and on arms' length basis to the Company, and would apply on the same basis as if the transaction did not involve a Related Party;
b. In order to determine whether a proposed Related Party Transaction is at arm's length, the Committee may, while analyzing Related Party Transactions ask for a valuation report from a valuer. Similarly, in order to determine whether a proposed Related Party Transaction falls within the meaning of 'ordinary course of businesses of the Company, the Committee may ask for an independent opinion from a legal expert. The Committee may also place such valuation report and/or the opinion so obtained before the Board for its consideration.
c. Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the alternative available with the Company, if any;
d. Whether the Related Party Transaction would affect the independence of an independent director;
e. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
f. Whether the Company was notified about the Related Party Transaction before its execution and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
g. Whether the Related Party Transaction would present an improper conflict of interest for any Director or KMP of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, KMP's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

4. DISCLOSURES

a. The Company shall make relevant disclosures in its Financial Statements/Board Report/elsewhere, relating to the Related Party Transactions of the Company as may be required under the provisions of the Act or Listing Regulations or any other applicable law, from time to time.

b. The Company shall maintain a Register of Contracts or Arrangements as required under Section 189 of the Act containing the prescribed details under the provisions of the Act.

c. Details of all Material Related Party Transactions with Related Parties shall be disclosed quarterly along with the compliance report on Corporate Governance, for onward submission to Stock Exchanges.

d. This Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.

e. Any other disclosures shall be made, as may be required in accordance with the applicable statutory provisions.

5. REVIEW/AMENDMENT

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically and appropriate recommendations shall be made to the Board for any change that may be brought about due to any regulatory amendment or otherwise.

The Board may, subject to applicable laws review and amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace this Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

The Board may establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance.

6. SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the Listing Regulations / Act or any other statutory enactments, rules, the provisions of such Listing Regulations/ Act or statutory enactments, rules shall prevail over this Policy.