

NIIT LIMITED

Version 1.2

*Related Party
Transaction Policy
w.e.f. November 1
2014*

RELATED PARTY TRANSACTION POLICY

NIIT Limited (the “**Company**” or “**NIIT**”), has formulated this policy on Related Party Transactions (this “**Policy**”) in line with the requirements prescribed under 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**”).

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

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

This policy shall be placed before the Audit Committee and Board of Directors in their next meeting.

1. 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.

“**Audit Committee**” or “**Committee**” means the Committee of Board of Directors of the Company constituted in accordance with the requirements prescribed under Clause 49 of the Listing Agreement and Section 177 of the Companies Act.

“**Board**” means Board of Directors of the Company.

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

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

- a) the Chief Executive Officer or the Managing Director or the Manager;
- b) the Company Secretary;
- c) the Whole-time Director;
- d) the Chief Financial Officer; and
- e) Such other officer as may be prescribed under the Companies Act and the corresponding rules.

“**Associate Company**” means any company in which the Company Controls at least twenty per cent of total share capital or of business decision under an agreement, but which is not a subsidiary of the Company having such influence, and includes a joint venture company.

“Policy” means this Related Party Transaction Policy.

“Related Party” shall have the same meaning as assigned to such term under the Companies Act and Clause 49 of the Listing Agreement, as amended from time to time.

“Related Party Transaction” means any transaction involving a transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged. A Related Party Transaction shall be construed to include a single transaction or a group of transactions in a contract.

“Relatives” shall have the same meaning as assigned to such term under the Companies Act and Clause 49 of the Listing Agreement, as amended from time to time.

2. Policy

The Company has following Policy in place for the identification, approvals, review and criteria for the approval of all Related Party Transactions (irrespective of the value / materiality of the same) falling within the purview of the Companies Act and Clause 49 of the Listing Agreement:

2.1 Identification of Potential Related Party Transactions

Each director and KMP of the Company is responsible for:

- a. disclosing to the Company, details of all their relatives, firms / body corporates and their corresponding interests therein, that may fall within the definition of a “Relative” / “Related Party” (*vis-à-vis* the Company) as prescribed under Section 2(76) of the Companies Act and Clause 49 of the Listing Agreement. This disclosure shall be made on an annual basis with a corresponding responsibility of provide updates on the same in case of any modification or inclusion to the information thus provided.
- b. providing notice to the Board and the Audit Committee of any potential Related Party Transactions (involving him or her, or his or her Relative, or firms / body corporates in which they or their relatives are interested) that the Company may be entering into, along with any additional information about the transaction / the Related Party that the Board and the Audit Committee may reasonably request. The Board and the Audit Committee shall have the final right to determine whether an impugned transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

The Company strongly prefers to receive such notice (of any potential Related Party Transaction) well in advance so that the Audit Committee and the Board has adequate time to obtain and review information regarding the same.

In addition to the above, the Board and the Audit Committee may undertake an independent assessment of transactions proposed to be executed by the Company in order to ascertain whether the same are proposed to be executed with Related Parties are in compliance with this policy.

2.2 Prior approval of Audit Committee

Unless specified otherwise under the Companies Act and the Listing Agreement, all the Related Party Transactions shall require prior approval of the Audit Committee. The Audit Committee may grant an omnibus approval for certain Related Party Transactions, subject to the conditions as laid down under Clause 49 of the Listing Agreement.

2.3 Approval of Board

Related Party Transactions which are required to be approved by the Board of the Company under the provisions of the Companies Act and Listing Agreement shall be entered into only after such approval is accorded by the Board.

2.4 Approval of shareholders

Related Party Transactions which are required to be placed before the shareholders of the Company under the provisions of the Companies Act and Listing Agreement shall be entered into only after such approval is accorded by the shareholders. The Company shall ensure the restrictions on voting by related parties (as prescribed under the Companies Act and the Listing Agreement) are complied while obtaining the aforementioned approval of the shareholders.

2.5 Review and Approval of Related Party Transactions

To approve a Related Party Transaction, the Committee/Board/Shareholders (as the case may be), will be provided with all relevant material information of the 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 the 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;

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.

- b. 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;
- c. Whether the Related Party Transaction would affect the independence of an independent director;
- d. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- e. 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
- f. 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.

Subject to the requirements set out under the Companies Act and the Listing Agreement, 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.

The Audit Committee shall review, at least on quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approvals given by the Audit Committee.

2.6 Miscellaneous

- a. The Company shall make relevant disclosures in its Financial Statements/Board Report/otherwise, relating to the Related Party Transactions of the Company as may be

required under the provisions of the Companies Act or Listing Agreement or relevant Accounting Standards as notified/amended from time to time.

- b. This Policy on related party shall be published on the website of the Company and a web-link to the same shall be provided in its Annual Report.
- c. Company shall maintain a register of contracts or arrangements as required under Section 189 of the Companies Act containing the prescribed details under the provisions of the Companies Act.

3. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party Transaction that has not been approved under 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.