

## IDFC LIMITED

Annexure A

## POLICY ON RELATED PARTY TRANSACTIONS

IDFC Limited has always been committed to good corporate governance practices, including matters relating to Related Party Transactions. An endeavour is consistently made to have only arms' length transactions and those which are in ordinary course of business with Related Parties.

Clause 49 of the Listing Agreement, as amended recently, requires a listed company to formulate a Policy on materiality of Related Party Transactions and also on dealing with such Related Party Transactions. Accordingly, taking into account the provisions of Companies Act, 2013 and Rules made there under & Clause 49 of the Listing Agreement and in the back-drop of the Company's philosophy on such matters, a Policy is hereby framed as under:-

1. The Company shall not enter into any contract or arrangement with a Related Party without the approval of the Audit Committee. Prior approval of the Audit Committee shall be obtained for all Related Party Transactions other than those with wholly owned subsidiary companies whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
2. The Audit Committee may, in the interest of the Company, grant omnibus approval for Related Party Transactions that are repetitive in nature, subject to the following conditions:
  - (i) specify the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, wherever possible;
  - (ii) specify the indicative base price / current contracted price and the formula for variation in the price, if any, wherever possible and
  - (iii) such other conditions as the Audit Committee may deem fit.
3. The Audit Committee may also, in the interest of the Company, grant omnibus approval for Related Party Transactions that cannot be foreseen and for which the aforesaid details are not available up to a value of Rs. 1 crore per transaction or such other amount as may be prescribed in the applicable regulations in this regard from time to time.
4. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given.

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

5. In the event any contract or arrangement with a related party is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed there under and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.
6. All material related party transactions, other than those with wholly owned subsidiaries whose accounts are consolidated with the Company, will be placed for approval of the Board / shareholders of the Company by way of Special Resolution of Shareholders. A transaction with a related party is considered material if the transaction / transactions to be entered into, either individually or taken together with previous transactions with such related party during a financial

year, exceeds ten percent of the annual consolidated turnover as per the last audited financial statements of the Company.

7. Any transaction with related party entered into without obtaining the consent of the Board or approval by a special resolution should get ratified within a period of three months otherwise it is voidable at the option of the Board.
8. This Policy on materiality of Related Party Transactions shall be governed by the Companies Act, 2013 read with Rules made there under as well as Clause 49 of the Listing Agreement or such other Rules / Regulations, as may be notified by SEBI, from time to time.