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Adopted by the Board of Investment Manager on:

November 15, 2022

RELATED PARTY TRANSACTIONS POLICY

VERTIS INFRASTRUCTURE TRUST *(formerly known as Highways Infrastructure Trust)*

1. Introduction

The Board of Directors (**'Board'**) of Vertis Fund Advisors Private Limited (**'Company'**) has adopted the following policy, and procedures on March 15, 2022, with regard to Related Party transactions after considering the recommendation of the Audit and Risk Management Committee (**'the Committee'** or **'ARMC'**), and associated procedures with regard to Related Party transactions, in line with the requirements of the Companies Act, 2013.

This Policy will be effective from the date of approval of Board of Directors.

This Policy is intended to ensure that proper reporting, approval and disclosure processes are in place to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations to the Company and shall also be applicable to the transactions involving Vertis Trust. This Policy deals with the review and approval of Related Party transactions, keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions.

2. OBJECTIVE OF THE POLICY

This policy is framed based on the provisions of the Companies Act, 2013 read with rules made thereunder and the InvIT Regulations. Through this Policy it is intended to ensure the governance and reporting of transactions between the Company, the Vertis Trust and their Related Parties. The objective of this Policy is:

- a. to ensure transparency and fairness of Related Party transactions; and
- b. to ensure proper approval, supervision and reporting of the transactions and regulate the manner of dealing with the transactions between the Company, the Vertis Trust and their Related Parties.

3. DEFINITIONS

- 3.1 **'Audit and Risk Management Committee or Committee'** shall mean 'Audit and Risk Management Committee' constituted by the Board of Directors of the Company voluntarily.
- 3.2 **'CA 2013'** shall mean the Companies Act 2013 including any amendments, rules, notifications, circulars, etc.
- 3.3 **'Key Managerial Personnel' or 'Key Management Personnel'**, shall mean—
 - (i) the Chief Executive Officer or the managing director or the manager;

- (ii) the company secretary;
- (iii) the whole-time director;
- (iv) the Chief Financial Officer;
- (v) such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed under CA 2013 and Rules thereunder.

3.4 **‘Material Related Party Transaction(s)’**: shall mean a transaction with a related party other than its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval of the transaction(s) to be entered into, other than transactions entered into by the Company in its ordinary course of business if the same are on an arm’s length basis, is in relation to —

- a. sale, purchase or supply of any goods or materials, directly or through appointment of agent amounting to 10% or more of the annual turnover of the Company; or
- b. selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agent, amounting to 10% or more of net worth of the Company; or
- c. leasing of property of any kind amounting to 10% or more of the annual turnover of the Company; or
- d. availing or rendering of any services, directly or through appointment of agent, amounting to 10% or more of the annual turnover of the Company; or
- e. appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding 2.5 Lakhs; or
- f. underwriting the subscription of any securities or derivatives thereof, of the Company exceeding 1% of the net worth of the Company.

3.5 **‘Policy’** shall mean this policy on Related Party transactions.

3.6 **‘Related Party(ies)’** with reference to a Company, shall mean —

- i. a director or his relative;
- ii. 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 his relative is a member or director;
- v. a public company in which a director or manager is 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 body corporate which is-
 - A) a holding, subsidiary or an associate company of such company; or
 - B) a subsidiary of a holding company to which it is also a subsidiary;

C) an investing company or the venturer of the company;

Explanation – For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

ix. Such other persons as may be prescribed under CA 2013.

3.7 **‘Relative’**, with reference to any person, shall mean anyone who is related to another, if—

- i. they are members of a Hindu Undivided Family;
- ii. they are husband and wife; or
- iii. one person is related to the other in such manner as may be prescribed, which is as follows:
 - a. Father (including step-father)
 - b. Mother (including step-mother)
 - c. Son (including step-son)
 - d. Son’s wife
 - e. Daughter
 - f. Daughter’s husband
 - g. Brother (including step-brother)
 - h. Sister (including step-sister)

Any words used in this Policy but not defined herein shall have the same meaning ascribed to it in Companies Act, 2013 or Rules made thereunder, Accounting Standards or any other relevant legislation/ law applicable to the Company.

Words importing the singular shall, where the context admits or requires, include the plural and vice versa. Words importing the masculine gender shall also include the feminine and the neuter gender and vice versa, as applicable.

4. Identification of Potential Related Party Transactions

Each Director /Key Managerial Personnel is responsible for providing notice to the Company Secretary or any other person authorised by the Board of any potential Related Party transaction involving him/her or his or her Relative, including any additional information about the transaction that the Board/Committee may request, for being placed before the Committee and/or the Board.

The Board shall record the disclosure of interest and the Committee will determine whether the transaction does, in fact, constitute a Related Party transaction requiring compliance with this Policy.

The Company must be given such notice of any potential Related Party transaction well in advance to place it before the Committee, so that the Committee has adequate time to obtain and review information about the proposed transaction.

Where, owing to business exigencies, Related Party transactions that are in the ordinary

course of business and/or on arm's length basis, have been entered into without prior approval by the Committee, the details of such transactions shall be put up for ratification/approval of the Committee at the first Committee Meeting scheduled after entering into such transactions. The Committee may ratify such transactions or cancel the said transactions at their discretion.

4.1. Review of Related Party Transactions

All contracts or arrangements with Related Parties irrespective of them being in the ordinary course of business or at arm's length whether or not falling within the scope of Section 188 of CA 2013 shall be placed before the Committee.

The Committee will be provided with all relevant material information of such transactions specifically mentioned in **Annexure 1**, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

Any member of the Committee, who has a potential interest in any Related Party transaction, will recuse himself or herself and abstain from discussion or voting on approval or ratification of such Related Party transaction.

In case of transactions between related parties that are outside the scope of CA 2013, the Committee will review the same and note the same and may also take appropriate actions if any including making recommendations to the Board in respect of any transaction(s).

4.3. Considerations for Approval of Related Party Transactions

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

- i. Whether the terms of the Related Party transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- ii. Whether the transaction is in the ordinary course of business of the company;
- iii. Whether there are any undue compelling business reasons or exigency for the Company to enter into the Related Party transaction and the nature of alternative transactions, if any;
- iv. Whether the Related Party transaction would affect the independence of the Directors/ Key Managerial Personnel;
- v. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- vi. Whether the Committee or the Board, through the secretarial department, was notified about the Related Party transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company;
- vii. Whether the Related Party transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of

the transaction, the overall financial position of the Director, or other Related Party, the direct or indirect nature of the Director's, Key Managerial Personnel'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.

If the Committee determines that a Related Party transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party transaction, then the Board shall consider and approve the Related Party transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Any material amendment, renewal or extension of a transaction, arrangement or relationship previously reviewed under this Policy shall also be subject to subsequent review under this Policy.

Overall framework of Approval for Related Party Transactions

Level 1 – Audit and Risk Management Committee Approval

All transactions with Related Parties shall be referred to the Committee for prior approval.

Level 2 - Board Approval

All Related Party transactions as approved by the Committee may be noted by the Board and the Related Party transaction that are not in ordinary course of business and/or not on arm's length basis are mandatorily required to be approved by the Board at a duly constituted meeting.

In addition to the above, the following kinds of transactions with related parties will also be placed before the Board for its approval:

- i. Transactions in respect of which the Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- ii. Transactions which are in the ordinary course of business and at arm's length basis, but which as per Committee requires Board approval.

Level 3 – Shareholder's Approval

Every Material Related Party Transaction shall require approval of the shareholders except Related Party transaction that are in ordinary course of business and on arm's length basis.

4.3. Omnibus approval by the Audit and Risk Management Committee

In the case of frequent / regular / repetitive transactions which are in the normal/ordinary course of business of the Company and at arm's length basis, the Committee may grant standing pre-approval / omnibus approval. While granting such approval, the Committee shall satisfy itself of the need for such omnibus approval and that the same is in the interest

of the Company and the Related Party. The omnibus approval shall specify the following:

- a. Name of the Related Party
- b. Nature of the transaction
- c. Period of the transaction
- d. Maximum amount of the transactions that shall be entered into
- e. Indicative base price / current contracted price and formula for variation in price, if any
- f. Such other conditions as the Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee.

Further, where the need of the Related Party transaction cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the value per transaction based on the materiality of the transactions. The details of such transaction shall be reported at the next meeting of the Committee for ratification. The Committee shall on a quarterly basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one financial year and fresh approval shall be obtained after the expiry of one financial year.

5. Arms' Length Price ('ALP')

Arms' 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.

In absence of any guidelines in CA 2013, the Company shall take guidance from the ALP principles and transfer pricing methodologies prescribed under the Income Tax Act, 1961 ('the **IT Act**'). The Committee and the Board shall exercise independent business judgment and make decisions on ALP by considering factors such as:

- a. Benefits/ consideration from the transaction,
- b. Prevalent market/industry practice,
- c. Economic circumstances,
- d. Specific contractual terms between the parties,
- e. Similar contracts executed between other unrelated parties.

6. Ordinary course of business

The phrase 'ordinary course of business' is not defined under CA 2013. The assessment of whether a transaction is in ordinary course of business may be very subjective, judgmental and can vary on case-to-case basis. A guidance can be taken from any judicial pronouncements in this regard and while determining the ordinary course of business the following factors could be considered. The purpose of making such assessment is to determine whether the transaction is

usual or customary to the company and/ or its line of business.

In determining whether a transaction is in ordinary course of business, the Committee will consider the following factors, among others, to the extent relevant to the Related Party transaction:

- a. Whether such transaction is covered in the main objects or object incidental to the main objects as envisaged in the Memorandum of Association;
- b. Whether the activity is normal or otherwise routine for the particular business;
- c. Frequency of the transaction;
- d. Whether transaction is done on similar basis with other third parties;
- e. Business purpose of the transaction;
- f. Size and volume of transaction; and
- g. Whether transaction is done at arms' length.

7. Exceptions

Notwithstanding the foregoing, the following Related Party transactions shall not require specific approval of the Committee:

- a. Any transactions entered into between the Company and its wholly owned subsidiary other than transactions referred to in section 188 of CA 2013.
- b. Any transaction pertaining to appointment and remuneration of Directors and Key Managerial Personnel or involving compensation to a Director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business, and in line with the terms of Appointment
- c. Any transaction in which the Related Party's interest arises 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.
- d. Transactions that have been approved by the Board under the specific provisions of CA 2013, e.g., inter-corporate deposits, borrowings, investments etc. with or in wholly owned subsidiaries or other Related Parties;
- e. Payment of Dividend;
- f. Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off etc. which are approved by the Board and carried out in accordance with the specific provisions of CA 2013; and
- g. Contribution towards Corporate Social Responsibility ('CSR'), if applicable, within the overall limits approved by the Board that require approval of the CSR Committee.

8. Deviations

In the event the Company becomes aware of a transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee 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 shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party transaction to the Committee under this Policy and shall take any such action it deems appropriate

In case any transaction involving any amount not exceeding 5 (Five) Lakhs rupees is entered into by a Director or Officer of the Company without obtaining the approval of the Committee and it is not ratified by the Committee within three (3) months from the date of the transaction, such transaction shall be voidable at the option of the Committee and if the transaction is with the Related Party to any director or is authorized by any other director, the director concerned shall indemnify the Company against any loss incurred by it. In addition, contracts and arrangements that require prior approval of the Shareholders and/or Board under the CA 2013 will require their respective ratification, as applicable, within a period of 3 months or such earlier time as may be prescribed, in case of failure to obtain the approval prior to entering into such contract or arrangement. At all times, the provisions of CA 2013 must be strictly adhered to in respect of all transactions with related parties.

In any case, where the Committee determines not to ratify a Related Party transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review of a Related Party transaction, the Committee has authority to modify or waive any procedural requirements of this Policy unless otherwise required to be done by the Board under the CA 2013.

9. Disclosure

The Director's report will contain details of contracts or arrangements or transactions that are (i) not at arm's length basis and (ii) material and at arm's length basis. Necessary disclosures shall be made in the annual financial statements in accordance with the relevant accounting standards.

10. Amendments

The Committee shall periodically review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate.

The Committee may, in case of any regulatory changes, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy and recommend the same to the Board for its approval.

11. Interpretation

This Policy is framed based on the provisions of section 188 of CA 2013. In case of any subsequent changes in the provisions of the aforementioned statutes, the statutes would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law. Any subsequent amendment/modification in the CA 2013 and/or applicable laws in this regard shall automatically apply to this Policy.

12. Communication

This Policy will be communicated to all Directors, Key Managerial Personnel, Function Heads, and concerned employees of the Company.

13. Related party Transactions in connection with Vertis Infrastructure Trust

A. Preamble: The Board of **Directors** of (the "**Board**") while considering Company's position as the investment manager (the "**Investment Manager**") to the Vertis Infrastructure Trust ("**Trust**") has adopted the following specific policy and procedures (the "**Policy**") with respect to related party transactions (as defined below) and conflict of interest situations that may arise in connection with transactions proposed to be entered for the Trust with an InvIT Related Parties, in terms of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended, including any rules, circulars, guidelines or notifications issued thereunder ("**InvIT Regulations**") and applicable law. The audit committee of the Investment Manager (the "**Audit Committee**") may, from time to time, review, and recommend amendments to the Policy to the Board. The Board may amend the Policy from time to time, subject to applicable law.

B. Objectives: The objective of the Policy is to ensure proper approval, supervision and reporting of the transactions between the Trust and InvIT Related Parties.

C. Definitions

- (i). "**Associate**" of any person shall have the meaning ascribed to such term under the InvIT Regulations.
- (ii). "**Audit Committee**" or "**Committee**" means the committee constituted by the Board of Directors of the Investment Manager, from time to time.
- (iii). "**Director**" means a director on the board of directors of the Investment Manager.
- (iv). "**Investment Manager**" means Highway Concessions One Private Limited, the investment manager of the Trust.
- (v). "**InvIT Related Party**" shall be as defined under the InvIT Regulations currently being any 'Related Party' under the Companies Act, 2013 or under applicable accounting standards and shall also include (i) the Sponsor, the Investment Manager, the Project Manager and the Trustee; (ii) any promoter, director and partner of persons mentioned in clause (i) above; and (iii) all parties covered under the applicable accounting standards, namely Ind-AS 24 'Related Party Disclosures'.
- (vi). "**InvIT Related Party Transactions**" shall mean any transactions between the Trust and any InvIT Related Party. Further, any transaction between the Trust and one or more infrastructure investment trusts having a common investment manager or sponsor, or a transaction where the Investment Manager or the Sponsor is an Associate of the investment manager or sponsor of the other infrastructure investment trust(s), shall be deemed to be related party transactions for such parties.
- (vii). "**Issue**" means the offer, issue and allotment of Units (as hereinafter defined) to eligible investors on a private placement basis, as applicable, pursuant the InvIT Regulations.
- (viii). "**Project Manager**" means Vertis Project Manager Private Limited, the project manager of the Trust.

- (ix). **"SPV"** shall have the meaning ascribed to such term in the InvIT Regulations.
- (x). **"Sponsor"** means Galaxy Investments II Pte Ltd, the sponsor of the Trust.
- (xi). **"Trustee"** means Axis Trustee Services Limited, the trustee to the Trust.
- (xii). **"Unit"** shall mean an undivided beneficial interest in the InvIT, and such Units together represent the entire beneficial interest in the InvIT.
- (xiii). **"Unitholder"** means any person holding Units of the Trust.

D. Policy

- i. In accordance with the InvIT Regulations, the Investment Manager will ensure that all future InvIT Related Party Transactions shall be:
 - (a). on an arm's length basis;
 - (b). in accordance with the relevant accounting standards;
 - (c). in the best interest of the Unitholders;
 - (d). consistent with the strategy and investment objectives of the Trust; and
 - (e). compliant with applicable law including InvIT Regulations.
- ii. The Investment Manager will establish an internal control system so as to ensure that future InvIT Related Party Transactions are compliant with the InvIT Regulations and applicable accounting standards. The Investment Manager will convene meetings of the Unitholders in accordance with InvIT Regulations, and maintain records pertaining to such meetings in the manner prescribed under applicable law. The Investment Manager shall also ensure compliance with any additional guidelines issued in this regard by SEBI and other relevant regulatory or governmental authorities from time to time.
- iii. The Investment Manager will obtain the approval of the Unitholders' for related party transactions, as may be required under InvIT Regulations and applicable law. All related party transaction shall be reviewed and recommended by the audit and risk management committee for prior approval. All related party transaction shall be noted by the Board. Transactions not on arm's length/not in ordinary course of business will require the approval of the Board.
- iv. In addition to any other requirement that may be prescribed in terms of the InvIT Regulations or other applicable laws, all InvIT Related Party Transactions to be entered into in the future will be:
 - (a). decided by a majority vote of the Board, including the vote of majority of independent directors after satisfying itself that the transactions are conducted in accordance with the parameters set out in paragraph D(i); and
 - (b). reviewed and approved by the Committee.
- v. As a general rule, the Investment Manager must demonstrate to the Committee that future InvIT Related Party Transactions satisfy the criteria set out in Paragraph D(i) at the time of recommending the same for the approval of the Committee.
- vi. The Investment Manager will maintain a register to record all InvIT Related Party Transactions entered into by the Trust and the basis on which they are entered into.
- vii. The Investment Manager will also incorporate into its internal audit plan a review of all InvIT Related Party Transactions entered into by the Trust during each financial year.
- viii. The Committee shall review at least quarterly in each financial year the InvIT Related Party Transactions entered into during such quarter to ascertain that the guidelines and

procedures established to monitor the InvIT Related Party Transactions have been complied with.

- ix. The review by the Committee will include the examination of the nature of the transaction and its supporting documents or such other data as may be deemed necessary by the Committee, including the following. Any member of the Committee who has a potential interest in any InvIT Related Party Transaction will recuse himself or herself and abstain from discussion and review of the InvIT Related Party Transaction.

While considering a InvIT Related Party Transaction, any Director of the Board who has a potential interest in any InvIT Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the InvIT Related Party Transaction.

E. Disclosure and Reporting

- (i) InvIT Related Party Transactions shall be disclosed to the Trustee, Stock Exchanges and the Unitholders periodically, in accordance with the InvIT Regulations and the agreement to be entered into with the stock exchanges in relation to the listing of the Units. The Investment Manager shall adequately disclose the details of any fees or commissions received or to be received by any person or entity which is an associate of the Related Party to the stock exchanges.
- (ii) Related Party Transactions shall be disclosed: (a) in the offer document with respect to any such transactions entered into prior to the offer of units and any such proposed transactions subsequent to the offer; and (b) to the stock exchanges and the Unitholders periodically, in accordance with the InvIT Regulations and the agreements to be entered into with the stock exchanges in relation to the listing of the Units.
- (iii) In terms of the InvIT Regulations, the annual report to be submitted by the Investment Manager to all Unitholders, electronically or by physical copies, and to the Stock Exchanges within three months from the end of the financial year, shall contain, inter alia, details of all InvIT Related Party Transactions.

- F.** Notwithstanding the above, this Paragraph 13 will stand amended to the extent of any change in applicable law, including any amendment to the InvIT Regulations, without any action from the Investment Manager or approval of the Unitholders of the Trust.

INFORMATION TO BE PROVIDED TO THE COMMITTEE IN RELATION TO THE PROPOSED TRANSACTION WITH RELATED PARTY (TO THE EXTENT RELEVANT TO THE TRANSACTION):

1. Name of the Related Party and nature of relationship;
2. Nature and duration of the contract/transaction and particulars thereof;
3. Material terms of the contract or arrangement or transaction including the value, if any;
4. In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price / value and / or material terms of the contract or arrangement including a justification to the proposed variations;
5. Any advance paid / received or to be paid / received for the contract or arrangement, if any;
6. Manner of determining the pricing and other commercial terms, whether or not included as part of contract;
7. Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors;
8. Copy of the draft memorandum of understanding, agreement, contract, purchase order or correspondence etc. if any.
9. Applicable statutory provisions, if any;
10. Valuation reports in case of sale or purchase or leasing / renting of capital assets or securities;
11. Justification as to the arm's length nature of the proposed transaction;
12. Declaration whether the transaction is in the ordinary course of business; and
13. Any other information relevant or important for the Committee to take a decision on the proposed transaction.