



**INTERGLOBE AVIATION LIMITED**

**POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS**

## 1. PREAMBLE

Under Regulation 23(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), as amended, a listed entity is required to formulate a policy which describes the materiality of related party transactions and lays down the process to be followed by a listed entity in dealing with related party transactions. InterGlobe Aviation Limited recognizes that Related Party Transactions (*as defined hereinafter*) can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its stakeholders' best interests.

In compliance with the Listing Regulations, the Company has formulated this policy on dealing with related party transactions which has been approved and adopted by the Board ("**Policy**").

## 2. OBJECTIVE

The objective of the Policy is based on the premise that Related Party Transactions are appropriate only if they are in the best interest of the Company and its shareholders. In essence, the entering into an arrangement with a Related Party (*as defined hereinafter*) must clearly demonstrate the superiority of the Related Party bid to all other bids that the Company would have received through an appropriate competitive bidding process.

Also, RPTs should comport to the requirement that Directors of the Board and Senior Management of the Company shall avoid transacting company business with their relative or with a firm / company in which either they themselves or their relative are interested or plays any significant role and in case such Related Party Transaction is unavoidable, it should be in the best interest of the Company and, it must be made only after proper and fullest disclosure to the Board.

The Policy seeks to achieve this objective by describing robust procedures to be followed by the Company in relation to transactions to be entered between the Company and its Related Parties, including taking steps for adequate disclosure and compliance under the Act (*as defined hereinafter*), Listing Regulations (*as defined hereinafter*) and the transfer pricing norms prescribed under the IT Act (*as defined hereinafter*) and Accounting Standards.

## 3. DEFINITIONS

For the purpose of the Policy the following terms shall have the meanings assigned to them hereunder:

"**Act**" shall mean the Companies Act, 2013 including any amendments thereto and the rules, regulations, notifications framed thereunder, including any modifications, clarifications, circulars and re-enactment thereof;

"**Arm's Length Transaction**" has the meaning ascribed to such term in the Act;

"**Audit Committee**" means the audit committee constituted by the Board in compliance with the provisions of the Act and Listing Regulations;

"**Board**" means the board of directors of the Company;

**“Consultant”** has the meaning ascribed to such term in paragraph 4.2(c);

**“Consultant Report”** has the meaning ascribed to such term in paragraph 4.2(c);

**“Director”** means a member of the Board;

**“IT Act”** means the Income Tax Act, 1961, as amended;

**“IndiGo”** or the **“Company”** means InterGlobe Aviation Limited;

**“Interested Director”** has the meaning ascribed to such term in the Act;

**“Listing Regulations”** has the meaning ascribed to such term in paragraph 1;

**“Material Related Party Transaction”** means transaction(s) with the Related Party to be entered into individually or taken together with previous transactions during a financial year, which exceeds 10 (Ten) percent of the annual consolidated turnover of the Company, as per the last audited financial statements of the Company. However a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 2 (Two) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company;

**“Ordinary Course of Business”** includes the usual transactions, customs and practices of the Company and shall include transactions that are considered while computing the business income/revenue/turnover of the Company as opposed to “income from other sources”;

**“Policy”** has the meaning ascribed to such term in paragraph 1;

**“Related Party”** means a related party as defined under the Act or under the Listing Regulations or under the applicable Accounting Standards or under the IT Act. Any person or entity belonging to the promoter or promoter group of the Company and holding 20 (Twenty) percent or more of shareholding in the Company shall be deemed to be a related party;

**“Relative”** shall have the same meaning as defined in section 2(77) of the Act and the rules prescribed thereunder;

**“Related Party Transaction”** means transaction as defined under Section 188(1) of the Act and Regulation 2(zc) of the Listing Regulations and includes any subsequent modification of transactions; and

**“Senior Management”** shall have the same meaning as ascribed to the term in the Company’s Code of Conduct for Directors and Senior Management.

Words and expressions used and not defined in this Policy but defined in the Listing Regulations, the Securities and Exchange Board of India Act, 1992, the Act, Accounting Standards and the rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislations as the context may require.

#### **4. PROCEDURE FOR DEALING WITH RELATED PARTY TRANSACTION**

##### **4.1 Senior Management's Responsibility**

- (a) The Senior Management of the Company shall ensure that prior to proposing any Related Party Transaction to the Audit Committee for their approval, unless not practical in matters such as issuance of corporate guarantee or employment of an employee who is a relative, it will undertake competitive bidding with service providers and vendors including the Related Party seeking proposals from them for service/goods. Such competitive bidding will involve details of all the pre-qualification requirements and will be shared with all bidders at the same time. The Company shall post on its website a broad overview of new goods and services, which is in an amount greater than Rs. 25 lacs (Rupees Twenty Five Lacs) per year, that the Company is looking to acquire from other service providers, including a Related Party, so that any Related Party may also participate in the competitive bidding process. The Company is not obligated to post on the website any such information that its management or Board deems is of a confidential nature.
- (b) The Related Party and the third party service providers / vendors will be asked to submit their indicative interest within 2 (Two) weeks of issuing the competitive bidding process.
- (c) On receipt of proposals from Related Party and third-party service providers/vendors, the Senior Management of the Company shall engage in good faith negotiations with all such vendors / service providers including with the Related Party.
- (d) After negotiations and on receipt of the final commercial and other related terms from all third-party service providers/vendors and the Related Party, the Senior Management of the Company shall analyse such terms to conclude which service provider/ vendor is to be engaged for the particular service/purchase of goods.
- (e) In the event, the Senior Management concludes that it is in the best interest of the Company to enter a transaction with the Related Party. For this analysis, the Senior Management will consider aspects related to cost and quality and ensure it is not disruptive to the business of the Company. Disruption, if any, will need to outweigh the economic benefits offered by other third-party service providers/vendors.
- (f) The Senior Management shall prepare a report for the approval of the Audit Committee. The report will set forth the following:
  - (i) comparisons of relevant commercial terms and conditions of the Related Party Transaction against the terms from other third-party service providers/vendors; and
  - (ii) reasons for concluding that the execution of the Related Party Transaction is in the best interest of the Company keeping in mind cost, quality and potential disruption, if any, that may be caused and ensuring it is not disruptive to the business. 'Potential disruption' criteria need to take into account whether the potential

disruption would be outweighed by the economic benefits offered by other third-party service providers/vendors.

#### 4.2 Approval of the Audit Committee

- (a) All Related Party Transactions shall require prior approval of the Audit Committee.
- (b) The Senior Management of the Company shall provide all relevant documents and reports to the Audit Committee in relation to the Related Party Transaction for which the approval of the Audit Committee is being sought. The Audit Committee shall review the terms of the proposed transaction and ask the Senior Management for additional information and documents, if required.
- (c) For any proposed Related Party Transaction which has a pay-out of more than INR 2 crore in a financial year, the Audit Committee shall engage an independent firm/consultant (“**Consultant**”) with requisite technical expertise who is knowledgeable in such matters to confirm whether the terms offered by the Related Party are more favorable. The Audit Committee shall choose the Consultant but can take feedback on names of Consultants from Senior Management. The Consultant shall provide a report of its findings directly to the Audit Committee within the timeline prescribed (“**Consultant Report**”). The Consultant will review the proposal based on the competitiveness, arm’s length, cost, quality and ensure it is not disruptive to the business of the Company. Disruption, if any, will need to outweigh the economic benefits offered by other third-party service providers/vendors.
- (d) The Audit Committee shall also provide the Board with the Consultant Report for their feedback. The Board shall also be provided with all other information including a draft agreement for their review. The Board shall provide the feedback to the Audit Committee within 7 (Seven) business days.
- (c) On receipt of feedback, if any, from the Board and on review of the Consultant Report and upon being satisfied that the proposed Related Party Transaction is in the best interest of the Company, the Audit Committee shall make a decision on such Related Party Transaction. An Interested Director shall not vote on such resolution.
- (d) For any Related Party Transactions which are repetitive in nature and which have been approved in the first instance following the procedures laid down in Paragraph 4.1 above, the Audit Committee also has the right to grant an omnibus approval for such Related Party Transactions proposed to be entered into by the Company subject always to the following conditions:
  - i. The Audit Committee shall lay down the criteria for granting the omnibus approval for Related Party Transactions of the Company;
  - ii. The Audit Committee shall satisfy itself of the need for such omnibus approval and that such approval is in the best interest of the Company;
  - iii. The omnibus approval shall specify;
    - a. the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into (It being understood that the omnibus approval shall not be granted to transactions which have a pay-out of more than INR 2 crore in a financial year),
    - b. the indicative base price / current contracted price and the formula for variation in the price, if any; and

- c. such other conditions as the Audit Committee may deem fit;  
*However, in case of Related Party Transactions which cannot be foreseen and where the above details are not available, the Audit Committee may grant omnibus approval provided the value does not exceed rupees one crore per transaction;*
  - iv. 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;
  - v. Such omnibus approval shall be valid for a period not exceeding 1 (one) year and shall require fresh approval after the expiry of 1 (one) year;
  - vi. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- (e) Notwithstanding anything to the contrary, transactions with wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders of the Company at the general meeting for approval, are exempt from the above requirement.

#### 4.3 **Approval of the Board of Directors of the Company**

- (a) In addition to providing comments to the Audit Committee as set forth in paragraph 4.2(d) above, pursuant to Section 188 of the Act, all transactions specified under the said Section (as set forth in Appendix A) which are not in the Ordinary Course of Business or are not Arms-Length Transactions and all Material Related Party Transactions shall be placed before the Board for its approval, besides approval of the Audit Committee.
- (b) Notwithstanding anything to the contrary, transactions with wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders of the Company at the general meeting for approval, are exempt from the above requirement.
- (c) A register of Related Party Transactions shall be maintained and placed before the next meeting of the Board, held after such transaction has taken place and signed by all the Directors present at the meeting.

#### 4.4 **Approval of the Shareholders of the Company**

- (a) All Material Related Party Transactions shall also require approval of the shareholders. Pursuant to the Listing Regulations, no Related Party is permitted to vote to approve such resolutions whether the entity is a Related Party to the particular transaction or not.

For the avoidance of doubt, the above provision shall not apply in respect of a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code, 2016, subject to the event being disclosed to the recognized stock exchanges within 1 (one) day of the resolution plan being approved.

- (b) In addition to 4.4(a) above, transactions specified under Section 188 of the Act which are not in the Ordinary Course of Business and are not Arms-Length Transactions and which exceed the thresholds laid down in the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time (for thresholds refer to Appendix B), also need the approval of the shareholders.

- (c) Notwithstanding anything to the contrary, the approval of the shareholders shall not be required for transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

## **5. DISCLOSURES**

Every Director of the Company is required to disclose the entities in which they or their Relatives are interested or deemed to be interested in accordance the provisions of Section 184 of the Act. Related Party Transactions entered shall be disclosed in the following manner:

- (a) Every contract or arrangement, which is not in Ordinary Course of Business or not an Arm's Length Transaction, shall be disclosed in the Board's report to the shareholders along with a justification for entering into such arrangement.
- (b) Details of all Material Related Party Transactions shall be disclosed quarterly along with the compliance report on corporate governance.
- (c) The Policy shall be disclosed on the website of the Company [www.goindigo.in](http://www.goindigo.in) and a web link for the same shall be provided in the Annual Report of the Company every year.
- (d) The disclosures of Related Party Transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results, shall be submitted to the stock exchanges and published on the website of the Company [www.goindigo.in](http://www.goindigo.in), within 30 (Thirty) days from the date of publication of standalone and consolidated financial results on half yearly basis.

## **6. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

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 Audit Committee. The Audit 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 Audit 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 failure of the internal control systems, and shall take such action as it may deem appropriate.

## **7. AMENDMENTS TO THE POLICY**

In case of any subsequent changes in the provisions of the Act or Listing Regulations, or any other regulations which makes any of the provisions of the Policy inconsistent with them, then such provisions would prevail over the Policy.

The Policy shall be reviewed by the Board at least once every 3 (Three) years and updated accordingly. Amendments to this Policy to dilute any procedure or safeguard prescribed for dealing with RPTs shall always be subject to a unanimous vote of the independent Directors.

This Policy was approved by the Board with effect from January 21, 2016 and last amended on August 23, 2019.

**Appendix A**  
**Section 188 of the Act**

(Please refer to paragraph 4.3(a) of the Policy)

Any contract or arrangement with respect to the following shall be considered a Related Party Transaction:

- sale, purchase or supply of any goods or materials;
- selling or otherwise disposing of or buying, property of any kind;
- leasing of property of any kind;
- availing or rendering of any services;
- appointing of any agent for purchase or sale of goods, materials, services or property;
- appointing of a person to any office or place of profit in the company, its subsidiary company or associate company; and
- under writing the subscription of any securities or derivatives thereof, of the company.

**Appendix B**  
**Threshold Limits**

(Please refer to paragraph 4.4 (b) of the Policy)

<b>S. No.</b>	<b>Description of Transaction</b>	<b>Threshold Limits</b>
1.	Sale, purchase or supply of any goods or materials, directly or through appointment of agent	Exceeding 10% of the turnover of the Company or Rs. 100 crores, whichever is lower
2.	Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent	Exceeding 10% of the net worth of the Company or Rs. 100 crores, whichever is lower
3.	Leasing of property of any kind	Exceeding 10% of the net worth of the Company or 10% of the turnover of the Company or Rs. 100 crores, whichever is lower
4.	Availing or rendering of any services, directly or through appointment of agent	Exceeding 10% of the turnover of the Company or Rs. 50 crores, whichever is lower
5.	Appointment to any office or place of profit in the Company, its subsidiary company or associate company	Monthly remuneration exceeding two and half lakh rupees
6.	Remuneration for underwriting the subscription of any securities or derivatives	Monthly remuneration exceeding 1% of the net worth of the Company