

**POLICY ON
RELATED PARTY TRANSACTIONS
OF
SAKSOFT LIMITED**

I. INTRODUCTION

The Company recognizes that Related Party Transactions (as defined below) 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. Further, the CA 2013 read with the Rules and Regulation 23 of the SEBI LODR have specific provisions relating to RPTs.

Therefore, this Policy has been adopted by the Company's Board in order to set forth the guidelines and broad procedures inter-alia for proper identification, review, approvals / ratifications and reporting of RPTs.

II. DEFINITIONS

For the purposes of this Policy, the following definitions apply:

- a) "Accounting Standards" shall mean the Indian Accounting Standards issued under the CA 2013 from time to time;
- b) "Arm's Length Basis" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. Pricing, though an important factor, may not be the only determinant of a transaction being at arm's length.

In order to ensure that the transaction is at arm's length, judgement needs to be applied and the following points can be considered for the same:

- The transaction is in line with the principles of the Transfer Pricing Guidelines of the Income Tax ("IT") Act, 1961 (though transfer pricing is not currently applicable for domestic transactions of the Company under the IT Act)
 - The transaction is as per the prevailing pricing policy/market price/same price (or margin) as compared to transactions with unrelated parties
 - The transaction is comparable with third party quotations/bids
 - The transaction is based on cost sharing agreements (in cases where cost is shared based on benefits derived)
 - The transaction is undertaken at a price in line with the valuation done by an external independent expert, if any.
- c) "Audit Committee or Committee" means the Audit Committee of Board of Directors of the Company constituted as per the provisions of Section 177 of the CA 2013 and Regulation 18 of the SEBI;
 - d) "Board" or "Board of Directors" means the Board of Directors of the Company, as constituted from time to time;
 - e) "CA 2013" means the Companies Act, 2013 together with the rules and regulations formulated thereunder, as amended from time to time;

- f) “Company” or “Saksoft” means Saksoft Limited;
- g) “Director” means a member of the Board of Directors of the Company;
- h) “Key Managerial Personnel” or “KMP” means key managerial personnel as defined under the Companies Act, 2013 and includes:
 - i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
 - ii. Company Secretary; and
 - iii. Chief Financial Officer
- i) “Material Modification” would mean any subsequent change to an existing RPT involving:
 - i. A variance of 20% in the existing value of the transaction or INR 10 crores whichever is lower; or
 - ii. A significant change in the tenure of the contract / transaction; or
 - iii. Modification resulting in the RPT no longer meeting the arm’s length principle or Ordinary Course of Business test; or
 - iv. Novation of parties, addition of parties, etc.; or
 - v. Any other change in the terms and conditions of the contract/ transaction considered as material by the Audit Committee.
- j) “Material RPT” would mean a transaction / transactions to be entered into individually or taken together with previous transactions during a financial year with any single Related Party exceeding INR 1,000 Crore or 20% of the annual consolidated turnover of the Company, whichever is lower, as per the last audited financial statements of the Company.

Transaction(s) involving payments to a Related Party towards brand usage or royalty, to be entered into individually or taken together with previous transactions during a financial year, exceeding 5% of the annual consolidated turnover of the Company, as per the last audited financial statements of the Company would be considered as ‘Material RPT’;

- k) “Ordinary Course of Business” means a transaction carried out in the normal course of business in line with the Company’s Memorandum and Articles of Association, as amended from time to time. Given that the term Ordinary Course of Business is not defined under any applicable statute, the Company would exercise judgement on this aspect and for the purpose of the same, use the following guiding principles:
 - The Company has undertaken similar transactions in the past in the normal course of its business.
 - The activity is in furtherance of the business of the Company.
 - The transaction represents a business activity where the income, if any, earned from such activity is treated as business income in the Company’s books of accounts, or represents a common commercial practice or

industry practice, even though the Company may have not have undertaken the same in the past.

- Such transactions are carried out at a regular frequency.
- Activities are common for the industry(ies) to which the Company belongs.
- The activity meets any other parameters / criteria as decided by the Board/Audit Committee.

Individually, none of the above parameters can by themselves, trigger a conclusion on a transaction being in the Ordinary Course of Business. A conclusion must be reached after considering multiple parameters.

- l) “Policy” means this Related Party Transactions Policy;
- m) “Related Party” is a party as defined in Section 2(76) of the CA 2013 read with Rules thereto and clause (zb) of sub-regulation (1) of Regulation 2 of the SEBI LODR, applicable Accounting Standards, including modifications or amendments made thereto;
- n) “Related Party Transaction” or “RPT” means transaction(s) as provided under clause (a) to (g) of sub-section (1) of Section 188 of the CA 2013 and the corresponding Rules thereto and as defined in clause (zc) of sub-regulation (1) of Regulation 2 of the SEBI LODR, including modifications or amendments made thereto;
- o) “Relative” means a relative as defined in Section 2(77) of the CA 2013;
- p) “Rules” shall mean the Companies (Meetings of Board and its Powers) Rules, 2014;
- q) “SEBI LODR” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time;
- r) “Transaction” shall mean a single transaction or a group of transactions.

Capitalised terms used in this Policy and not defined above shall have the same meaning as assigned to them under the CA 2013 or SEBI LODR or any other applicable law or guidelines.

The guiding principles are not exhaustive and the facts and circumstances of each case would be examined before concluding on a given matter.

III. IDENTIFICATION OF RELATED PARTIES

The Company has separately formulated guidelines for identifying and updating the list of Related Parties as prescribed under Section 2(76) of the CA 2013 read with the Rules framed thereunder and Regulation 2(1)(zb) of the SEBI LODR.

The Company Secretary shall be responsible for maintaining an updated list of Related

Parties and this shall be reviewed by the Audit Committee annually.

The Company shall, prior to entering into a transaction verify whether the party(ies) involved include(s) any Related Party forming part of the list maintained by the Company Secretary.

IV. IDENTIFICATION OF RELATED PARTY TRANSACTIONS

The Company has separately formulated guidelines for identification of RPTs in accordance with Section 177, Section 188 of the CA 2013 and Regulation 2(1)(zc) of the SEBI LODR. The Company shall also determine whether its transactions are undertaken in the Ordinary Course of Business and on Arm's Length Basis.

Each Director and KMP is responsible for providing notice to the Board or Audit Committee, of any potential RPT involving him or her or his or her Relative or the Company / Subsidiary(ies), including any additional information about the transaction that the Board/Audit Committee may reasonably request. Such notice should be submitted to the Audit Committee in advance i.e., at least 15 (fifteen) days before entering into the transaction, so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

The Audit Committee will determine whether the transaction does, in fact, constitute an RPT requiring compliance with this Policy and also consider the value of the transaction to determine if it is a Material RPT or Material Modification.

V. APPROVAL MECHANISM

The following points will be considered while approving RPTs:

- The Audit Committee and Board may pass circular resolutions for approving only those RPTs which are both undertaken on Arm's Length Basis and in the Ordinary Course of Business. In case an RPT is either not undertaken on Arm's Length Basis or in the Ordinary Course of Business, the approvals will be obtained only at a duly convened meeting of the Audit Committee / Board, as applicable.
- The Company will provide all the necessary information and documents as provided under the applicable law and as prescribed by SEBI from time to time, for review of the Audit Committee, Board and shareholders, in order to enable them to take an informed decision about the approval of a proposed RPT or modification thereto, as applicable.
- Any member of the Audit Committee or Board who has an interest in an RPT shall not participate in discussions or vote on the RPT.

A. Prior Approval of Audit Committee

Irrespective of the materiality, prior approval of the Audit Committee will be sought for the following Related Party Transactions:

- (i) Transactions between the Company and its Related Party
- (ii) Transactions between the Company and Related Party of any of its subsidiaries
- (iii) Transactions between a subsidiary and Related Party of the Company if the annual value of all transactions of such subsidiary with that Related Party exceeds 10% of the annual turnover of such subsidiary as per last audited balance sheet of the subsidiary
- (iv) Transactions between a subsidiary and its Related Party if the annual value of all transactions of such subsidiary with that Related Party exceeds 10% of the annual turnover of such subsidiary as per last audited balance sheet of the subsidiary
- (v) Transactions between the Company and/or its subsidiaries with unrelated parties, the purpose and effect of which is to benefit the Related Party of the Company or any of its subsidiaries
- (vi) Any modification, including Material Modification(s) to approved RPTs

B. Approval of RPTs by Audit Committee (including Omnibus approvals)

Only those members of Audit Committee who are Independent Directors will approve RPTs. Any member of Audit Committee having a potential interest in the proposed RPT will neither participate in the discussions nor vote on the proposal for approval of such RPTs.

The Audit Committee shall take into account, the following considerations while granting approval for RPTs (including omnibus approvals):

- Name of the related party and nature of relationship with the Company or

- subsidary, including nature of interest or concern (financial or otherwise);
- Nature, material terms and conditions, monetary values, tenure and particulars of the transaction/contract/arrangement;
- Justification as to why the RPT is in the interest of the Company;
- Percentage of the value of the proposed RPT to the annual consolidated turnover of the Company/standalone turnover of the subsidiary;
- Percentage of the value of the proposed RPT to the annual consolidated turnover of the counterparty (voluntary);
- Copy of valuation / external report, if any;
- In case of RPT involving loan, advances, inter-corporate deposits or investments made/given by the Company /subsidiary:
 - Details of source of funds;
 - In case of financial indebtedness, nature of indebtedness, cost of funds and tenure;
 - Applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security;
 - the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- Any advance paid or received for the contract or arrangement, if any;
- Whether the RPT would affect the independence and present improper conflict of interest for the Directors/KMPs;
- Whether the proposed transaction includes any potential reputational risk issues; and
- Any other information relevant or important to take a decision on the proposed transaction.

Audit Committee will additionally consider the following while granting omnibus approvals:

- Repetitiveness of the transaction;
- Justification for the need of omnibus approvals;
- The indicative base price / current contracted price and the formula for variation in the price if any.
- Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year; and
- The maximum value per transaction which can be allowed

Pursuant to Regulation 23 of SEBI LODR, the threshold limits for RPTs for granting omnibus approval for each financial year, as per the criteria approved by the Board as under:

S No	Criteria	Amount
1	Maximum value of transactions, in aggregate, which can be allowed under the omnibus route [other than wholly owned subsidiaries]	INR One crore

C. Other requirements in connection with Omnibus approvals

The Audit Committee may grant omnibus approval for RPTs which are recurring in nature, subject to the conditions prescribed under the CA 2013, Rules and SEBI LODR.

The Audit Committee shall satisfy itself of the need for such omnibus approval and that such approval is in the interest of the Company.

The Audit Committee shall grant such omnibus approval for a period not exceeding one financial year and shall require a fresh approval after expiry of such financial year. Additionally, the Committee may also grant omnibus approval for RPTs of unforeseen nature not exceeding INR One Crore per transaction.

Omnibus approval shall not be granted by the Committee for transactions in respect of selling or disposing the undertaking of the Company

The Audit Committee shall review on a quarterly basis, the details of RPTs entered into by the Company and modifications thereto pursuant to each omnibus approval given and shall also review, on an annual basis, the status of long-term (more than one year) or recurring RPTs.

VI. APPROVAL OF THE BOARD

The Board will approve:

- i. all RPTs which are not undertaken on Arm's Length Basis and / or which are not in the Ordinary Course of Business.
- ii. All Material RPTs and subsequent Material Modifications thereto, before recommending them to the shareholders.

Where the Audit Committee does not approve any RPT, it shall refer the same to the Board for approval.

VII. APPROVAL OF THE SHAREHOLDERS

All material RPTs and Material Modifications thereto, will be referred to the shareholders for prior approval.

In addition to the above, all RPTs specified under Section 188(1) of the CA 2013 which:

- i. are not in the Ordinary Course of Business or not undertaken on Arm's Length Basis; and
- ii. exceed the thresholds laid down in Rule 15 of the Rules shall be placed before the shareholders for their prior approval.

No Related Party will vote on such resolutions irrespective of whether it is a related party to the transaction or not.

VIII. EXCLUSIONS

The following RPTs will not be put up for approval, as permitted under law:

1. Transactions between the Company and its Wholly Owned Subsidiary ("WOS") (other than a transaction referred to in Section 188 of the CA 2013) (if the Company is preparing consolidated accounts and placing the same before its shareholders for

- approval)
2. Transactions between two WOSs of the Company (if the Company is preparing consolidated accounts and placing the same before its shareholders for approval)
 3. RPTs, where the listed subsidiary is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI LODR are applicable to such listed subsidiary
 4. RPTs of unlisted subsidiaries of the listed subsidiary of the Company, where the prior approval of the Audit Committee of the listed subsidiary is obtained
 5. Issue of specified securities on preferential basis subject to compliance of applicable SEBI Regulations and the CA 2013
 6. Corporate actions as under, as the same are uniformly applicable to all shareholders:
 - a. Payment/receipt of dividend
 - b. Sub-division or consolidation of securities
 - c. Issue of securities as rights or bonus
 - d. Buy-back of securities

In addition to the above, since the transactions or arrangements as mentioned below are specifically dealt / approved under different provisions of the Act/ SEBI LODR/ Law/ policy of the Company, no approval of Audit Committee will be taken for:

- a. Any RPTs approved by the Nomination and Remuneration Committee and the CSR Committee;
- b. Any transaction by the Company with its employee, who is a related party of Saksoft group, pursuant to the employment terms;
- c. Employer's contribution to Provident Fund/Gratuity/Superannuation, etc. to a recognized Trust as part of its statutory obligations;
- d. Reimbursement of expenses at actuals based on supporting documents.

IX. RPTs NOT APPROVED UNDER THIS POLICY

Subject to and without prejudice to the obligation to procure prior approvals under this Policy, in the event the Company becomes aware of an RPT that has not been approved under this Policy prior to its commencement, the matter shall be reviewed by the Audit Committee. Such a transaction shall not be deemed to be void or invalid or unenforceable ab-initio.

The Audit Committee shall consider all the relevant facts and circumstances regarding the RPT, and shall evaluate all options available to the Company, including ratification, revision or termination of the RPT.

Where ratification is proposed, the RPT shall be ratified by the Audit Committee / Board / Shareholders, where applicable, within 3 months of commencement of the RPT.

In any case, where the Audit Committee / Board / Shareholders (as applicable) do not ratify an RPT that has been commenced without prior approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, seeking indemnification for the Company, etc.

X. DISCLOSURE AND REPORTING

This Policy will be communicated to all operational employees and other concerned persons within the Company and shall also be placed on the website of the Company.

Appropriate disclosures as required under the CA 2013, the SEBI LODR and applicable Accounting Standards shall be made in the Annual Report, Board's Report, to the Stock Exchanges and in the financial statements of the Company.

XI. REVIEW AND AMENDMENT

Any change in the definitions and/or any provisions of this Policy pursuant to an amendment in the CA 2013 or SEBI LODR or Accounting Standards or other applicable law will be effective without any further approval from the Audit Committee/Board. The Audit Committee/Board will be briefed about such changes. In the event, any provisions contained in this Policy are inconsistent with the provisions contained in the CA 2013 or SEBI LODR or Accounting Standards, etc. or any amendment(s), clarification(s), circular(s), etc. issued by the relevant authorities thereto, (herein after referred as "Regulatory Acts"), the provisions contained in the Regulatory Acts will prevail.

The Board will review the Policy at least once in three years and revise the same as required.