

## COMPUAGE INFOCOM LIMITED

### POLICY FOR DETERMINING RELATED PARTY TRANSACTIONS AND THEIR MATERIALITY

#### **PREAMBLE**

Compuage Infocom Limited (hereinafter referred to as “**Compuage**” or the “**Company**”) is professionally managed and has good corporate governance and internal control systems.

The Board of Directors (hereinafter referred to as “**Board**”) of the Company understands the importance of stakeholders’ confidence and trust in the Company. In order to preserve the same with transparency and to ensure that there is no conflict of interest inflicting any apprehension in the minds of its stakeholders, the Board of the Company, acting upon the recommendation of its Audit Committee, has adopted the following policy and procedures with respect to Related Party Transactions of the Company.

#### **PURPOSE**

The policy is not only in the best interests of its stakeholders but also in due compliance with the requirements of the Companies Act, 2013, read with rules thereto including any subsequent amendments thereof (hereinafter referred to as “**Act**”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any subsequent amendments thereof (hereinafter referred to as “**Listing Regulations**”). Pursuant to Regulation 23 of the Listing Regulations, a policy needs to be formulated to deal with Related Party Transactions including formulating a policy on materiality of Related Party Transactions. This policy therefore lays down the mechanism to deal with Related Party Transactions.

#### **DEFINITIONS**

*All the terms used and defined herein are in addition to those defined in the Act, Listing Regulations or any other applicable law or regulation:*

“**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.

“**Material modifications**” means any modifications to the material related party transactions which were approved by the Audit Committee or Shareholders during the year which will change the complete nature of the transaction and in case of monetary thresholds which is in excess of 10% of the originally approved transaction, in case of exigencies only.

“**Material Related Party Transactions**” means a transaction with a Related Party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1000 Crore or 10% of the annual consolidated turnover of the Company whichever is lower as per the last audited financial statements as defined under Regulation 23 of the Listing Regulations and the contracts or arrangements given under the Act. Provided that in case of any amendment to the Act or Listing Regulations, definition of Material Related Party Transactions will be deemed to be changed without any further approval of Audit Committee or Board.

“**Ordinary course of business**” - The term ordinary course of business is not defined under the Act. Therefore, it would depend on facts and circumstances of each case. The Company would therefore exercise judgment to conclude whether a transaction can be considered to be in the ordinary course of business.

“**Related Party**” is a party as defined in Section 2(76) of the Act and clause (zb) of Regulation 2 of the Listing Regulations.

“**Related Party Transaction**” or “**RPT**” means transactions as given under clause (a) to (g) of subsection (1) of Section 188 of the Act and the corresponding Rules thereto and as defined in clause (zc) of Regulation 2 of the Listing Regulations.

## **POLICY**

### **Audit Committee**

All RPTs shall be referred to the Audit Committee for prior approval, irrespective of its materiality. The Audit Committee shall also approve any subsequent material modification of RPTs.

- A. In summary, prior approval of Audit Committee is required for the following Related Party Transactions:
- i. Where Company is a party
  - ii. Where subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company.
  - iii. With effect from 1<sup>st</sup> April, 2023, where subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;
  - iv. With effect from 1<sup>st</sup> April, 2023, transaction of the Company and / or its subsidiaries with unrelated parties, the purpose and effect of which is to benefit the Related Parties of the Company or any of its subsidiaries.
- B. The Audit Committee will take into account following considerations while dealing with the RPTs:-
- Nature of relationship with the related party;
  - Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
  - Method and manner of determining the pricing and other commercial terms;
  - Whether the transaction is at arm’s length; and
  - Any other information relevant or important for the Audit Committee / Board to take a decision on the proposed transaction.
  - Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise); Tenure of the proposed transaction (particular tenure shall be specified); Value of the proposed transaction, the percentage of the Company’s annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary’s annual turnover on a standalone basis shall be additionally provided). If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
    - i. details of the source of funds in connection with the proposed transaction;

- ii. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments - nature of indebtedness, cost of funds and tenure;
- iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
- iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.

- Justification as to why the RPT is in the interest of the listed entity;
- A copy of the valuation or other external party report, if any such report has been relied upon;
- Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;

C. Any member of the Audit Committee who has a potential interest in any related party transaction will abstain from discussion and voting on the approval of the related party transaction. Only members of the Audit Committee who are independent members shall approve all Related Party Transactions.

#### **Omnibus Approval**

- i. The Audit Committee shall take into account following considerations while granting omnibus approval for RPTs, of repetitive nature:
  - Criteria specified by the Audit Committee under Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014 after approval of the Board;
  - Nature of relationship with the related party;
  - Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
  - Method and manner of determining the pricing and other commercial terms;
  - Justification for need of omnibus approval;
  - Whether the transaction is at arm's length and in ordinary course of business; and
  - Any other information relevant or important to take a decision on the proposed transaction.
- ii. The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria / conditions as mentioned under Listing Regulations and such other conditions as it may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year. Additionally, the Committee may also grant omnibus approval for RPTs of unforeseen nature not exceeding Rupees One Crore.
- iii. The Audit Committee shall review on a quarterly basis the details of RPTs entered into by the Company pursuant to omnibus approval.
- iv. The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

### **Board Approval**

The Board shall approve RPTs, which are not in ordinary course of business and / or not at arm's length.

Where the Audit Committee does not approve the RPTs, it shall make its recommendations to the Board for approval.

### **Shareholders' Approval**

All material RPTs defined under Regulation 23 of Listing Regulations, whether in ordinary course of business and / or arm's length basis or not, shall require approval of the Board and shareholders, and the related parties shall abstain from voting on such resolutions irrespective of whether the entity is a party to the particular transaction or not.

RPTs exceeding the limits prescribed under the Act and not in ordinary course of business and / or arm's length basis, shall require prior approval of the Board and shareholders, respectively.

Once such contracts / arrangements are approved by the Audit Committee, transactions arising out of same would not be subject to evaluation when they are executed. The process will be monitored by Chief Finance Officer continuously.

## **DISCLOSURE**

Appropriate disclosures as required under the Act and the Listing Regulations shall be made in the Annual Return, Directors Report and to the Stock Exchanges.

## **APPLICABILITY & AMENDMENT**

Any changes to the policy on account of regulatory requirements will be reviewed and approved by the Audit Committee or the Board or Chief Financial Officer of the Company subject to approval of Audit Committee. The Audit Committee / Board will give suitable directions / guidelines to implement the same. The policy shall be reviewed by the Audit Committee and the Board every three years.

In the event, any provision contained in this policy is inconsistent with the provisions contained in the Listing Regulations, the Act or Accounting Standards, etc., or any amendments thereto, (Regulatory Acts), the provisions contained in the Regulatory Acts will prevail.