

## SUBEX LIMITED

### RELATED PARTY TRANSACTION POLICY

#### 1. INTRODUCTION

The Board of Directors (“The Board”) of Subex Limited (“The Company”) has adopted the following policy and procedures with regard to Related Party Transactions as defined below.

The Audit Committee will review and may amend this policy from time to time.

This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable on the Company.

This policy is framed as per the requirement of Clause 49(VII)C of the Listing Agreement entered into by the Company with the Stock Exchanges and intended to ensure proper approval and reporting of transactions between the Company and its Related Parties . Such transactions are appropriate only if they are in the best interests of the Company and its shareholders.

#### 2. DEFINITIONS:

In this policy, unless the context otherwise requires ;

**A. “Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under provisions of Listing Agreement and Companies Act , 2013.

**“Board”** means Board of Directors of the Company.

**B. “Control”** includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner”

Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position.

C. **“Key Managerial Personnel”** 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

D. **“Material Related Party Transaction”** means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, **exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company,**

E. **“Policy”** means Related Party Transaction Policy as originally framed or as altered from time to time”.

F. **“Related Party”** means related party as defined in clause 49 of the Listing Agreement, which is as follows:

A related party is a person or entity that is related to the Company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

1. A person or a close member of that person’s family is related to a company if that person:
  - a. Is a related party under section 2(76) of the Companies Act 2013 which are as follows:
    - (i) A director or his relative;
    - (ii) A 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 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 2 percent 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 under whose advice, directions or instructions a director or manger 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 company 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;
- (ix) Director or KMP of the holding company or his relative with reference to a company; or
- b. has control or joint control or significant influence over the company; or
- c. is a key management personnel of the company or of a parent of the Company ; or

- 2. an entity shall be considered as related to the Company if:
  - (i) such entity is a related party under Section 2(76) of the Companies Act, 2013; or
  - (ii) such entity is a related party under the applicable accounting standards.

**G. “Related Party Transaction”** means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged

**H. “Relative”** means relative as defined under the Companies Act 2013 and includes any one who is related to another if-

- i) They are members of Hindu Undivided Family
- ii) They are husband and wife; or
- iii) Father (including step father)
- iv) Mother (including step mother)
- v) Son (including step son)
- vi) Son’s wife
- vii) Daughter
- viii) Daughter’s husband
- ix) Brother (including step brother)
- x) Sister (including step-sister)

### **3. POLICY**

All Related Party Transactions needs to get prior approval of the Audit Committee for its compliance with the policy.

#### **3.1 Identification of Potential Related Party Transactions**

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request.

##### **3.1.1 Internal Mechanism for identification of RPT's**

Before entering into any transaction, the Procurement Department and the Legal Department shall based on the checklist provided by the Secretarial Department identify the related parties. The Secretarial Department shall then place the same before the Audit Committee for its approval wherever necessary.

#### **3.2 Prohibitions related to Related Party Transactions**

All Related Party Transactions (except transactions entered into between the Company and its wholly owned subsidiary(ies)) shall require prior approval of Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- c. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

- d. Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year

Further, all Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolutions.

*Provided that no approval of shareholders would be required if the transactions are entered into between the company and its wholly owned subsidiaries whose accounts are consolidated with the company and placed before the shareholders at their general meeting for approval.*

### **3.3 Review and 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:

- Whether the terms of the Related Party Transaction are fair and on arms length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the Company 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; and
- 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, Executive Officer 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.

### **3.4 Related Party Transactions not approved under this Policy**

In the event the Company becomes aware of a Related Party 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 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, immediate discontinuation or rescission of the transaction.

In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

#### **4. APPROVAL OF THE BOARD OF DIRECTORS AND SHAREHOLDERS**

Except with the consent of the Board of Directors given by a resolution at a meeting of the Board and prior approval of the shareholders by means of a special resolution and subject to such conditions as may be prescribed, no company shall enter into any contract or arrangement with a related party with respect to—

- a) sale, purchase or supply of any goods or materials;
- b) selling or otherwise disposing of, or buying, property of any kind;
- c) leasing of property of any kind;
- d) availing or rendering of any services;
- e) appointment of any agent for purchase or sale of goods, materials, services or property;
- f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- g) underwriting the subscription of any securities or derivatives thereof, of the company:

Provided also that nothing mentioned herein above shall apply to any transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis.

#### **5. OVERRIDING OF THE POLICY**

The provisions of the Companies Act, 2013 and Rules made thereunder along with the listing agreement entered into with the stock exchanges will override the provisions of this Policy to the extent they are inconsistent with the provisions of the Act and the listing agreement.

This Policy will be communicated to all operational employees and other concerned persons of the Company.