

DRAFT**Related Party Transactions Policy (RPT Policy)****Introduction:**

CyberTech Systems and Software Limited 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 stockholders' best interests. Therefore, this policy regarding the review and approval of Related Party Transactions (RPTs) has been adopted by the Company's Board of Directors in order to set forth the procedures under which certain transactions must be reviewed and approved and/or ratified.

Definitions:

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

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.

"Related Party Transaction (RPT) is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged. Viz.

- Sale / purchase of goods;
- Availing or rendering of services;
- Buying / selling / leasing of property;
- Appointment of agent for purchase or sale of goods, materials, services or property;
- Appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- Remuneration for underwriting the subscription of any securities or derivatives thereof of the company.
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"Relatives of Directors / Key Managerial Persons":

- (i) Members of same Hindu Undivided Family;
- (ii) Spouse;
- (iii) Father ("Father" includes step-father);
- (iv) Mother ("Mother" includes the step-mother);
- (v) Son ("Son" includes the step-son);
- (vi) Son's wife;
- (vii) Daughter;
- (viii) Daughter's husband;
- (ix) Brother ("Brother" includes the step-brother); and
- (x) Sister ("Sister" includes the step-sister).

“Related Party”: means

- (a) Any firm in which any such director or his relative is a partner;
- (b) Any private Company of which any such director or manager is a director or member;
- (c) Any body corporate at a general meeting of which not less than 25% of the total voting power may be exercised or controlled by any such director, or by two or more such directors, together;
- (d) Any body corporate, the Board of directors, managing director or manager, whereof is accustomed to act in accordance with the directions or instructions of the Board, or of any director or directors, of the lending Company.
- (e) A Public Company in which Director or Manager is a Director and holds along with his relatives, more than 2% of its paid-up share capital
- (f) Any company which is
 - a. Holding, subsidiary or an associate company of such Company.
 - b. Subsidiary of a holding company to which it is also a Subsidiary.
- (g) A Director or KMP of holding company or his relatives with reference to a company shall be deemed to be a related party

Procedure:

- Prior to entering into any potential Related Party Transaction, such transaction will be reported to Company Secretary Any potential Related Party Transaction that is brought to his attention will be analyzed by him in consultation with Management and with outside consultants, if required, to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction, requiring compliance with this policy.
- Once identified by Company Secretary all RPTs shall be reported promptly to the Audit Committee by the Company Secretary
- The Audit Committee shall be provided with the material facts of all new, existing or proposed RPTs. The Audit Committee will determine whether the proposed RPT is in the ordinary course of business and is at arm's length and if it fulfills both the criteria, the same will be approved by the Audit Committee. However if the said RPT is one off in its nature, then Audit Committee will review the same along with relevant documents provided to committee and will approve the same for the reasons to be recorded in writing. The Committee will then update the Board of Directors about its approval and Board and then the necessary documents will be executed, if required.
- In assessing a Related Party Transaction, the Audit Committee / Board of Directors shall consider such factors as it deems appropriate, which include :
 - i. The business reasons to enter into the Related Party Transaction;

- ii. The commercial reasonableness of the terms of the Related Party Transaction;

- iii. The materiality of the Related Party Transaction i.e. transaction/s **exceeding 10%** of the annual consolidated turnover of the Company for previous financial year ;
- iv. Whether the terms of the Related Party Transaction are fair and on the same basis as would apply if the transaction did not involve a Related Party; (Arm's length basis)
- v. The extent of the Related Party's interest in the Related Party Transaction;
- vi. The impact of the Related Party Transaction on a non-employee director's independence, if applicable.

Steps for Approval:

- A Related Party Transactions entered in its ordinary course of business which are on arm's length basis may be approved :
 - i.* By Audit Committee provided the RPTs are in the ordinary course of business and on an arm's length basis. Or
 - ii.* By the vote of a majority of the Non-interested Members of the Committee (Disinterested quorum).
- Related Party Transactions, which exceed the threshold limits referred under sub-section (1) of 188 of Companies Act, 2013, need prior approval of shareholders by Special resolution at general meeting / postal ballot.
- No director who is interested / Related Party shall participate in the evaluation or approval of any Related Party Transaction for which he or she is interested / a Related Party and should not remain present in the Board Room where the matter is discussed.
- In case of wholly owned subsidiary, the special resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between wholly owned subsidiary and holding company.
- A Board in its discretion shall decide whether to have a separate code / norms / guidelines for approval of routine / continual / ongoing Related Party Transaction. The Board of Directors shall periodically review and assess continual relationships with the said Related Party to check whether they are in compliance with above guidelines.
- Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a special resolution in the general meeting under sub-section (1) of 188 of Companies Act,2013 and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the Company against any loss incurred by it, if any.

Pre-approved Transactions:

The following types of transactions will be deemed to be pre-approved or by omnibus approval by the Audit Committee, subject to the following;

- ➔ Criteria for granting omnibus approval be laid down for transactions which are repetitive in nature;
- ➔ Committee shall satisfy itself about the need for such omnibus approval and it should be in the interest of the company;
- ➔ 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.
- ➔ Committee shall review on quarterly basis details of RPTs which were granted omnibus approval
- ➔ The said approval is valid for one year only and shall require fresh approval after the expiry of one year.

The following type of RPTs would not require further approval or ratification by shareholders unless exceed threshold limits as follows:

- i. Sale, purchase or supply of any goods or materials directly or through appointment of agents exceeding **10% of the turnover** of the Company or **Rs. 100 Crore** or such other prescribed ceiling from time to time, which ever is lower as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188 of Companies Act 2013.
- ii. Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents exceeding **10% of net worth** or **Rs. 100 Crore** or such other prescribed ceiling from time to time, which ever is lower as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188, Companies Act 2013.
- iii. Leasing of property of any kind exceeding **10% of the net worth** or exceeding **10% of turnover** or **Rs. 100 Crore** or such other prescribed ceiling from time to time, which ever is lower as mentioned in clause (c) of sub-section (1) of section 188, Companies Act 2013.
- iv. Availing or rendering of any services directly or through appointment of agents exceeding **10% of the turnover** or **Rs. 50 Crore** or such other prescribed ceiling from time to time, which ever is lower as mentioned in clause (d) and clause (e) of sub-section (1) of section 188, Companies Act 2013.

- v. Appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding **2.5 lakh rupees** as mentioned in clause (f) of sub-section (1) of section 188 ,Companies Act 2013 or
- vi. Remuneration for underwriting the subscription of any securities or derivatives thereof of the company exceeding **1% of the net worth (Amount)** as mentioned in clause (g) of sub-section (1) of section 188, Companies Act 2013.

Note: The threshold amounts referred above are on the basis of Turnover or Net Worth on the basis of the Audited Financial Statements for the previous financial year.

Disclosure:

- The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose :
 - i. The name of the related party and nature of relationship;
 - ii. The nature, duration of the contract and particulars of the contract or arrangement;
 - iii. The material terms of the contract or arrangement including the value, if any;
 - iv. Any advance paid or received for the contract or arrangement, if any;
 - v. The manner of determining the pricing and other commercial terms both included as part of contract and not considered as part of the contract;
 - vi. 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; and
 - vii. Name of the related party; Name of the director or key managerial personnel who is related, if any; Nature of relationship; Nature, material terms, monetary value and particulars of the contract or arrangement;

Any other information relevant or important for the members to take a decision on the proposed resolution.

- Details of all Material transactions with related parties will have to be disclosed quarterly along with the compliance report on corporate governance.
- Every contract and arrangement with Related Party entered into, irrespective of whether it is exempted from ratification or not, pursuant to the section 188 of Companies Act, 2013 shall be referred in the Board's Report to the shareholders along with the justification for entering into such contracts or arrangements.