SAMTEL INDIA LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

BACKGROUND:

SAMTEL INDIA LIMITED is a listed company with its equity shares listed at the Bombay Stock Exchange Ltd.

This Policy on Related Party Transactions (hereinafter referred to as "Policy") of SIL (hereinafter referred to as "the Company") and the amendment to this Policy, if any, by the Board of Directors of the Company or any committee thereof shall be effective from the date on which it is approved.

The Company shall be committed to the best corporate governance practices and this Policy is prepared for ensuring compliance with the provisions of the Companies Act, 2013 and SEBI(LODR) Regulations.

OBJECTIVE:

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The provisions of this Policy are designed to govern the transparency of approval process and disclosures requirements to accord fairness in the treatment of related party transactions. The purpose of this policy is to make sure that all the transactions between related parties are "arms' length transaction". This means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

A Related Party with whom the Related Party Transaction is undertaken must have been selected using the same screening / selection criteria / underwriting standards and procedures as may be applicable in case of an unaffiliated party.

DEFINITIONS

"**Board**" means the Board of Directors of Samtel India Limited as defined under the Companies Act, 2013 and as constituted from time to time.

"**Key Managerial Personnel**" or "Key Management Personnel" means Key Managerial Personnel as defined under the Companies Act, 2013 and the Rules made there under and constituted / appointed by the Company from time to time.

"**Material Related Party Transactions**" means a transaction/transactions to be entered into individually or taken together with previous transactions during a financial year with a related party if it exceeds 25% of the annual consolidated turnover as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013, whichever is stricter, from time to time.

"**Policy**" means Related Party Transaction Policy.

"**Related Party**" means a person or entity that is related to the Company. Parties are related if one party has the ability to control the other party or exercise significant influence over the other party directly or in directly in making the financial and/or operating decisions and includes:

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 or holds along with his relatives, more than two per cent 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 on whose advice, directions or instructions a director or manager 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. Such other persons as may be prescribed – Director or Key Managerial Personnel of the holding company or his relative, shall be deemed to be related party.

The term close person shall mean the relatives of the person as defined hereinafter.

(b). An entity is related to a company if any of the following conditions applies:

i. The 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.

"**Related Party Transaction**" means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged and includes –

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 the 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;

g. Underwriting the subscription of any securities or derivatives thereof, of the Company;

h. Financing (including loans and equity contributions in cash or kind);

i. Providing or obtaining guarantees and collaterals; and

j. Deputation of employees.

(The above is an indicative list and not an exhaustive one).

"**Relative**" means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner –

a. Members of a Hindu undivided family;

b. Husband or wife;

c. Father (including step-father);

d. Mother (including step-mother);

e. Son (including step-son);

f. Son's wife;

g. Daughter;

h. Daughter's husband;

i. Brother (including step-brother); or

j. Sister (including step-sister).

"**Transaction**" with a related party shall be construed to include a single transaction or a group of transactions.

The terms Director, Chief Financial Officer, Company Secretary, shall have the same meaning as assigned under the Companies Act, 2013.

PROCESS OF IMPLEMENTATION OF THE POLICY:

A Identification of Potential Related Party Transactions (RPTs):

Each Director / Key Managerial Personnel is responsible for providing written notice to the Mg. Director of any potential Related Party Transaction involving him or his relatives, including any additional information about the transaction that the Mg. Director may reasonably request. The Mg. Director, in consultation with other members of management, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

Every Director / Key Managerial Personnel of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such discussion except, if the proposed transactions involves either or both the parent organizations.

A contract or arrangement entered into by the Company without disclosure or with participation by a Director / Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.

B. **Mechanism for Approval Of RPTs:**

Transactions which are on Arm's Length basis and are in ordinary course of business should have prior approval of Board Members by way of resolution if such RPTs are "Material Related Party Transactions".

The procedure to be followed for Related Party Transactions, the Mg. Director shall identify the related party (ies), as applicable from time to time on annual basis and; as and when there is any changes in related party(ies) and circulate the same to the Directors and concerned executives of the Company.

The Director/ KMP/ Related Party shall bring to the notice of Mg. Director of any transactions, in their knowledge proposed to be entered by the related party with the Company.

The concerned Executive(s) shall approach Mg. Director before entering into any transactions with Related Party(ies) along with the details of the transactions to be entered.

After receipt of the notice, the Mg. Director shall make sure that the transactions to be entered is as per the policy on RPTs approved by the Board and also ensure that requisite approval of the Board is sought before executing the transaction.

C. **Restrictions on Participation by Interested Director in the Board Meeting**:

Where any director is interested in any contract or arrangement with a Related Party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

Standards for Review:

The agenda of the Board meeting shall inter-alia consist of the following for review:

a) the name of the related party and nature of relationship with the Company or its subsidiary;
b) the nature, duration of the contract and particulars of the contract or arrangement;
c) the material terms of the contract or arrangement including the value, if any;
d) any advance paid or received for the contract or arrangement, if any;
e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
f) 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;
g) In case of transaction with subsidiary, value of proposed transaction in terms of percentage of the subsidiary's annual turnover on standalone basis;
h) In case of transaction related to any loan, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary-

- Details of source of funds in connection with the proposed transaction,
- Where any financial indebtness is incurred to make or give loans, inter-corporate deposits, advances or investments, then nature of indebtness, cost of funds and its tenure,
- applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured,
- if secured, the nature of security, and
- . the purpose for which the funds will be utilized by the ultimate beneficiaries of such funds, pursuant to the transaction;
- Justification as to why the transaction is in the interest of the Company; Justification as to why pre-approval was not sought for, if applicable; and
- any other information relevant or important for taking a decision on the proposed transaction.

While approving/ ratifying/ recommending a Related Party Transaction, Board shall review and consider the following, in accordance with the standards set forth in this Policy:

a) the Related Party's interest in the transaction;
b) whether the transaction was undertaken in the ordinary course of business of the Company;

c) whether the transaction with the Related Party is on at arms' length basis;

d) the purpose of, and the potential benefits to the Company from the transaction;

e) Whether there are any compelling business reasons for the Company to enter into the transaction;

f) Whether the transaction includes any potential reputational risk issues that may arise as a result of or in connection with the transaction;

g) Whether the transaction would impair the independence of an otherwise Independent Director or Nominee Director;

h) Whether the Company was notified about the transaction before its commencement and if not, why pre-approval was not sought for and whether subsequent ratification would be detrimental to the Company; and

i) Whether the transaction would present an improper conflict of interest, as per provisions of law, for any director or Key Managerial Personnel, taking into account the size of the transaction, the overall financial position of the Related Party, the direct or indirect nature of the Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board deems relevant and appropriate.

j) required statutory and public disclosure, if any; and

k) any other information regarding the transaction or the Related Party in the context of the proposed transaction that would be material to the Board / Shareholders, as applicable, in light of the circumstances of the particular transaction.

While considering the arm's length nature of the transaction, the Board shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Board shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 102 of the Companies Act, 2013 shall contain the following particulars namely:

a) summary of the transaction provided by the management to the Audit Committee/ Board;
b) Justification as to why the transaction is in the interest of the Company;
c) A statement that the valuation or other external report, if any relied upon by the Company in relation to the transaction will be made available through email address to the shareholders;
d) any other information relevant or important for the members to take a decision on the proposed resolution.

D. **Standing Pre-Approval / Omnibus Approval by the Board**

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Board may grant standing pre-approval / omnibus approval. While granting the approval the Board shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:

a. Name of the related party
b. Nature of the transaction
c. Period of the transaction
d. Maximum amount of the transactions that can be entered into
e. Indicative base price / current contracted price and formula for variation in price, if any
f. Such other information as the Board may sought.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Board for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Board.

Further, where the need of the related party transaction cannot be foreseen and all prescribed details are not available, the Board may grant omnibus approval subject to the value per transaction not exceeding Rs.5,00,00,000/- (Rupees Five Crore only). The details of such transaction shall be reported at the next meeting of Board for ratification. Further, the Board shall on an annual basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy.

The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

E. **Ratification of Related Party Transactions:**

If prior approval of the Board for entering into a RPTs is not feasible owing to paucity of time and also other administrative inconvenience, then such RPTs shall be recommended by the CEO for ratification to the Board, if required, within 3 months of entering into the Related Party Transaction.

In any case where Board determines not to ratify a Related Party Transaction that has been commenced without prior approval, the Board or Shareholders, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation of the transactions, or modification of the transaction to make it acceptable for ratification. 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.

F. **Disclosures:**

Every contract or arrangement entered into with a related party shall be referred to in the Board's report to the Shareholders along with the justification for entering into such contract or arrangement.

The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party.

G. **Amendment:**

If the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this Policy until this Policy is changed to conform to the law, rule, regulation or standard.

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