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POLICY ON RELATED PARTY TRANSACTIONS

1. INTRODUCTION

The Board of Directors (the "Board") of Eastern Logica Infoway Limited ("the Company"), has adopted this policy to: (a) regulate transactions of the Company with its related parties (as defined and identified under the Companies Act, 2013 and Rules made thereunder (the "Act") and pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any modification(s)/ amendment(s)/re-enactment(s) thereof ["SEBI (LODR)"]; (b) ensure high standards of Corporate Governance while dealing with related parties; and (c) ensure optimum compliance with various applicable laws prescribed for related party transactions ("RPT").

2. PURPOSE

Policy has been formulated to

- Regulate transactions between the Company and its Related Parties with a view to ensure that such transactions are executed on an arm's length basis and in a transparent and fair manner.
- To seek necessary approvals of the Audit Committee/Board/shareholders as may be necessary, after providing necessary information to them in the prescribed manner.
- To outline the procedures for identification, review, approval and disclosure of such transactions.

This Policy shall supplement the Company's other policies in force that may be applicable to or involve transactions with Related Parties.

3. DEFINITIONS

"**Audit Committee**" means Committee of the Board of Directors of the Company constituted under the provisions of Section 177 of the Act, 2013 and Regulation 18 of SEBI (LODR).

"**Board of Directors**" or "**Board**" in relation to a Company, means the collective body of Directors of the Company. [Section 2(10) of the Act]

"**Key Managerial Personnel**" means Key Managerial Personnel as defined under Section 2(51) of the Act.

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

“Relative” means relative as defined under Section 2(77) of the Companies Act, 2013

“Related party” means the related party(ies) as defined under Section 2(76) of the Act and/or under Regulation 2(1)(zb) of the SEBI (LODR).

“Related Party Transaction” means a transaction involving a transfer of resources, services or obligations between:

- i. The Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or

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- ii. The Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
- iii. The Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries, with effect from April 1, 2023; regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract

Provided the transactions given under the Proviso to Regulation 2(1)(zc) of the SEBI (LODR) **shall not be** treated as related party transactions.

Terms of Reference:

“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. (*Section 188 of the Act*)

Arm's Length Basis: Terms will be treated as on 'Arm's Length Basis' if the commercial and key terms are comparable with and are not materially different from similar transactions with non-related parties considering all the aspects of the transactions such as quality, realizations, other terms of the contract, etc. In case of contracts with related parties it is possible that the terms of one off comparable transaction with an unrelated party are at variance, during the validity of contract with related party. In case the Company is not having similar transactions with any other non-related party, terms for similar transactions between other non-related parties of similar standing can be considered to establish 'arm's length basis'. Other methods prescribed for this purpose under any law viz. Transfer Pricing provisions of the Income Tax Act, 1961 can also be considered for establishing this principle.

“Ordinary Course of Business” shall mean the usual transactions, customs and practices carried on generally by the Company and shall include:

- i. transactions covered in the 'main objects' or the 'objects incidental' to attainment of the main objects as envisaged in the Memorandum and Articles of Association of the Company,
- ii. transactions which are usually carried on by the Company or have been carried on in the ordinary course of business /regularly in last three (3) years,
- iii. transactions effected with a related party on a similar basis as with a third party,
- iv. transaction or activity that is necessary, normal, regular and incidental to the business and involves significant amount of money or managerial resources that generates income or benefits for, or are strategically in the interest of the Company.

Materiality Thresholds

Regulation 23 of the SEBI LODR requires the Company to provide materiality thresholds for transactions with related parties, including clear threshold limits duly approved by the Board, which mandate prior approval from the Shareholders of the Company.

Materiality Thresholds for any Related Party Transactions shall be as under:

- **Rs. 10,00,00,00,000/- (Rupees One Thousand Crores) or 10% (ten percent)** of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, **whichever is lower**, for all other related party transaction to be entered into, individually or taken together with the previous transactions during the financial year.
- 5% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements for related party transaction involving payments made/to be made to any Related Party with respect to brand usage or royalty.

Further, a transaction with a related party shall be considered material if it exceeds the threshold prescribed under Section 188 of the Act or any subsequent amendment thereto.

“Material Modification” in terms of SEBI (LODR) means any modification(s) in the pricing or overall transaction value having a variance of 15% (fifteen percent) or more, in the relevant related party transaction which has been approved by the Audit Committee/Board.

Material modifications shall also be deemed to include the following:

- a) In case of a loan or deposit or any other means of funding, any deviation in the objects or purposes for which the loan or deposit was given or funding was made or received;
- b) In case of any other transaction or agreement, any amendment which will have an effect of:
 - (i) deferring the consummation of such transaction or agreement by a period beyond one year from the existing approved term / period; or
 - (ii) renewing or extending the term of the transaction or agreement for a period exceeding one year of its existing approved term / period, except for completion of any residual performance.
- c) Any modification which results into the claims of either party being subordinated, or relaxation of security interest:
Provided that giving any consent for cessation of pari passu charge or any other security interest, provided there is adequate asset cover, shall not be deemed as modification of contract.
- d) Any novation of the contract or arrangement to a third party.

Provided further that the following shall not be considered as material modification:

- modifications which may be mandated pursuant to change in law;
- modifications pursuant to and in accordance with the terms of the approved transaction/contract, whether with or without mutual consent of parties, as the case may be;
- modifications resulting from change in constitution of either of the parties pursuant to schemes of arrangement (e.g. merger, amalgamation, demerger, etc.);
- modifications which are purely technical and do not result in substantive change or alteration of rights, interests, and obligations of any of the parties;
- modifications uniformly affected for similar transactions with unrelated parties.

Provided further that any modification to the transactions / agreements entered into:

- a) for sale, purchase or supply of any goods or materials or availing or rendering of any services in the ordinary course of business and on arm's length basis;
 - b) between the Company and its wholly owned subsidiary;
 - c) transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the annual general meeting for approval
- shall be excluded from the applicability of above definition.

“Transactions in ordinary course of business” Transactions or contracts or arrangements or activities that are entered in pursuance of the business objectives of the company and are necessary for the company’s operations or related financial activities. While these are expected to satisfy the following principles, reference can also be made to guidance note of the ICSI in this respect:

- (i) permitted under the Memorandum and the Articles of Association of the Company; carried on a frequent or regular basis or are usual in nature or are as per the customs or industry practice and
- (ii) the terms of which are similar to those which would be otherwise applicable to transactions with unrelated parties.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI (LODR) Regulations, 2015 or any other applicable law or regulation.

7. POLICY

Approval of RPT by the Audit Committee (AC)

- All Related Party Transactions and subsequent material modifications shall require prior approval of the AC and referred for approval in accordance with this Policy.
- Only the independent directors who are the members of the AC shall approve the related party transactions.
- Related party transaction to which the subsidiary of the Company is a party, but the Company is not a party, shall require prior approval of the AC 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.
- With effect from April 1, 2023, a related party transaction to which the subsidiary of the Company is a party, but the Company is not a party, shall require prior approval of the AC 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.
- The AC approval is not required for the transactions with the wholly owned subsidiaries of the Company and transactions entered into between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- Any member of the AC who has any interest or a potential interest in any Related Party Transaction will refrain himself/herself from discussion and voting on the approval of the Related Party Transaction.
- The AC may grant omnibus approval for RPTs which are repetitive in nature, provided that such approval shall remain valid for period not exceeding one year, during which period the commercial terms of approved RPTs may change, provided that arm’s length criterion shall be ensured at the time of each such change. Further, where the need for RPTs cannot be foreseen and requisite details are not available, the AC may grant omnibus approval for such transactions *provided that* their value does not exceed ₹ 1 crore per transaction.
- The AC shall review at least on quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given and such approval shall be valid for a period not exceeding one year.
- All related party contract/ arrangement should be in conformity with the Act, SEBI (LODR) and the applicable Accounting Standards. In case of any conflict between the requirements specified in any of these Regulations, the most stringent one among them would apply.

- All domestic related party contracts/arrangements shall, wherever applicable, comply with Domestic Transfer Pricing Requirement under section 92BA of Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.
- All international related party contract / arrangements shall comply with International Transfer Pricing Requirement under section 92B of Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:

- i) Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

Approval by the Board and Shareholders

- The related party transactions after review and approval by the AC, will be placed before the Board for endorsement and the Directors who are interested in any of the RPTs shall not participate or vote on resolutions of the Board on such RPT.
- All material related party transactions as per SEBI (LODR) and subsequent material modifications thereto as defined by the AC shall require prior approval of the shareholders through special resolution.
- No related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be placed by the management for review 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 such action it deems appropriate.

In any case, where the Committee decides 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/Board has the authority to modify or waive any procedural requirements of this Policy.

8. IDENTIFICATION OF RPT/ADMINISTRATIVE MEASURES

- The Company's management shall ensure that all Unit Heads and Finance & Commercial Heads are made aware of the provisions of SEBI (LODR) and the Act pertaining to RPT and facilitate/ensure compliance with the RPT Policy, and provide a certificate of compliance on a quarterly basis, to the Audit Committee.

- The Company Secretary/Compliance Officer shall be responsible to maintain/update the list of related parties (as required by applicable laws) and provide the same to all concerned.
 - The Internal Auditor(s)/any independent agency/CA firm to be appointed to review the RPTs entered into by the Company on a periodic basis and report their observations with rationale including that for identification of arm's length pricing of RPTs to the Audit Committee.
 - It is the duty of all employees of the Company to ensure that they do not deal with related parties under any kind of influence or coercion. The cases involving any unwarranted pressure should be promptly reported as per mechanism provided under the Whistle Blower Policy of the Company.
 - Notice of any Related Party Transactions, referred above shall be given well in advance so that the Company Secretary/ Compliance Officer has adequate time to obtain additional information or documents about the proposed Related Party Transactions, if necessary, which is required to be placed before the Audit Committee to enable it to decide on the said transactions.
- Every Director and KMPs shall make an annual disclosure within the meaning of Section 2(76), 184 and 189 of the Act and Regulation 2(1)(zb) of SEBI (LODR) and shall also promptly intimate any change in the said annual disclosures.

9. DISCLOSURES & REPORTING REQUIREMENTS

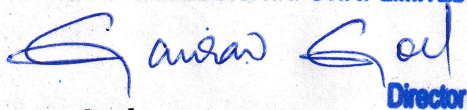
- Company shall submit to the Stock Exchanges on a half yearly basis, within the timeliness as prescribed by the Securities and Exchange Board of India (SEBI) from time to time, the disclosures relating to Related Party Transactions in the format as specified by SEBI from time to time and publish the same on the website of the Company at www.easternlogica.com
- Details of all material transactions with related parties are to be disclosed quarterly alongwith the compliance report on corporate governance.
- The Company shall report in the Annual Report, the transactions that require the approval of the Board and shareholders with justification for entering into such contract or arrangement.
- This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report.

10. LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Act or SEBI (LODR) or any other statutory enactments, rules, the provisions of such Act or SEBI (LODR) or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the SEBI (LODR), Act and/or applicable laws in this regard shall automatically apply to this Policy. This Policy may be reviewed by the Audit Committee as and when deemed necessary and placed before the Board with modification(s) if any made by the Committee, for final consideration and approval.

For Eastern Logica Infoway Limited

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Gaurav Goel
Managing Director
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