

**SPECTRAA TECHNOLOGY SOLUTIONS LIMITED**

**CIN: U74999KA2009PLC048905**

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**POLICY ON RELATED PARTY TRANSACTIONS**

## 1. Preface

The Board of directors of the Company has adopted this policy on Related Party Transactions based on the recommendation of the Audit Committee. Further, the Audit Committee will review the policy from time to time and propose the amendment required, if any, to the board of directors.

## 2. Scope

This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company and also provides for materiality of related party transactions.

## 3. Purpose

The policy is framed based on the applicable legislations intended to ensure the proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

## 4. Effective Date

The Policy shall be effective from the date of listing the Equity Shares of the Company on the Stock Exchange.

## 5. Definitions

**5.1 “Company”** means SPECTRAA TECHNOLOGY SOLUTIONS LIMITED.

**5.2 “Related Party”** means such person or entity who is a related party under the Companies Act, 2013, SEBI Regulations, the applicable accounting standards and other applicable legislations, if any.

**5.3 “Related Party Transaction”** is 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
- (ii) 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; 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;
- (iii) such other transactions as may be prescribed under the Companies Act, 2013, SEBI Regulations, the applicable accounting standards and other applicable legislations, if any.

**5.4 “RPT Industry Standards”** refers to Industry Standards on “Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction” formulated by Industry Standards Forum (“ISF”) comprising of representatives from three industry associations, viz. ASSOCHAM, CII and FICCI, under the aegis of the Stock Exchanges, in consultation with SEBI.

**5.5 “Material Related Party Transaction”** means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds limits specified under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR**”) from time to time.”

Notwithstanding the above, a transaction involving payment made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual consolidated turnover of the Company as per the last audited financial statement of the Company.

**5.6 “Material modification”** of a related party transaction include modifications on account of change in:

- Value - Any change in value of transaction by 20% of the original value; or
- Period - Any change in period of the existing contracts covered under related party transaction including due to novation/renewal thereof; or
- Nature/Basis - Any change in nature of transaction impacting ordinary course of business and arm’s length principle; or
- Such other parameters the Audit Committee may from time to time specify.

All words or expression in this policy shall bear the meaning as per the definitions under the Companies Act, 2013 including rules (“the **Act**”) made thereunder, SEBI LODR, applicable RPT Industry Standards, applicable accounting standards under the Act and other legislations, as amended and applicable from time to time.

## **6. Approval process**

All Related Party Transactions (RPTs) and subsequent material modifications must be reported to the Audit Committee (“the **Committee**”) and referred for approval of the Committee in accordance with the policy. Wherever the approval of Audit Committee is required for Related Party Transactions and subsequent material modifications, it shall be approved only by those members of the Committee, who are independent directors. In case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the omnibus approval may be granted, as detailed in this policy.

### **6.1 Identification of Related Party Transactions (RPTs)**

Each director and Key Managerial Personnel (KMP) shall at the beginning of the financial year provide information by way of written notice to the company regarding his concern or interest in the entity with specific concern to parties which may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this policy. Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this policy.



Each director and KMP is responsible for providing notice to the Company of any potential Related Party Transaction where they may be considered interested. Audit Committee will determine whether a transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy. The Directors and KMPs shall ensure that their notice of any potential Related Party Transaction is delivered well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

**The following shall not be regarded as a related party transaction:**

- a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b) the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - i. payment of dividend
  - ii. subdivision or consolidation of securities;
  - iii. issuance of securities by way of a rights issue or a bonus issue; and
  - iv. buy-back of securities
- c) retail purchases from the Company or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.

**6.2 Review and approval of Related Party Transactions**

**a) Approval matrix**

Nature of Transaction	Type of transaction	Threshold	Approving authority	Requirement
Transactions in the ordinary course of business and at arm's length	All transactions with Related Parties as required under SEBI LODR	As prescribed under SEBI LODR	Audit Committee	Section 177 of the Act and Regulation 23 of SEBI LODR
Transactions not in the ordinary course of business or not at Arm's length	a. Sale, purchase or otherwise disposing off or supply of any goods or materials	a. Amounting to 10% or more of the turnover	Audit Committee, Board of directors and shareholders (if, exceeds thresholds)	Section 188 of the Act and the thresholds prescribed under Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time.
	b. Selling or otherwise disposing of, or buying property of any kind	b. Amounting to 10% or more of the net worth of the company		

	c. Leasing of property of any kind	c. Amounting to 10% or more of the turnover of the company		
	d. Availing or rendering of any services	d. Amounting to 10% or more of the turnover of the company		
	e. Appointment to any office or place of profit.	e. Monthly remuneration exceeding two and half lakh rupees		
	f. Underwriting the subscription of any securities or derivatives	f. Exceeding one percent of the net worth of the Company.		
Material Related Party Transactions	Transactions covered under SEBI LODR	Transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees fifty crore or ten percent of the annual consolidated turnover of the company, as per the last audited financial statements, whichever is lower, or such other threshold prescribed under SEBI LODR from time to time.		

## b) Audit Committee

All Related Party Transactions and subsequent material modifications covered under the Act, SEBI LODR and applicable accounting standards under the Act and any other applicable legislations shall require prior approval of the Audit Committee. Only those members of the audit committee, who are independent directors, shall approve Related Party Transactions and subsequent material modifications.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the nature and terms of the transaction, the purpose of the transaction, value of the transaction, the benefits to the Company and to the Related Party, and other information that are mandatorily required under the Act, SEBI LODR, applicable RPT Industry Standards, applicable accounting standards under the Act and circulars issued thereunder relevant matters. The information provided shall specifically cover the following:

- a. Type, material terms and particulars of the proposed transaction for approval;
- b. Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. 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);
- f. 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.
- g. Justification as to why the RPT is in the interest of the Company;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- j. Any other information relevant or important for the Committee to take a decision on the proposed transaction.

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 arm's length basis to the Company;
- Whether the Related Party Transaction is beneficial and in the best interest of the Company;
- Whether the transaction(s) is/ are a Material Related Party Transaction;
- Whether there are any 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 the directors/KMP;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;

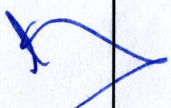
### **Omnibus Approval**

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company or its unlisted subsidiary subject to the following conditions:

- The transactions are repetitive in nature;
- The approval is in the interest of the company;
- Adequacy of justification for the need of omnibus approval;
- Maximum value of transactions in aggregate and maximum value per transaction
- The omnibus approval to specify –
  - the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
  - the indicative base price / current contracted price and the formula for variation in the price if any; and
  - 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.

- Such omnibus approvals shall not require any further approval of the Audit Committee for each specific transaction unless the price, value of 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 Committee.
- Audit Committee shall review, at least on a quarterly basis, the details of Related Party transactions entered into by the company or its unlisted subsidiary pursuant to each of the omnibus approval given.
- Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one financial year.



***Exception-***

*Omnibus approval shall not be made for transactions in respect of sale or disposal of the undertaking of the company and transactions which are not in the ordinary course of business.*

**Ratification**

If the Company becomes aware of a Related Party Transaction that has not been approved under this Policy, the Related Party Transaction shall be reported to the Audit Committee for its approval at the earliest opportunity.

The members of the audit committee, who are independent directors, may ratify related party transactions within 3 months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year does not exceed rupees one crore;
- (ii) the transaction is not material Related Party Transaction;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions to be submitted to the Stock Exchanges;
- (v) any other condition as specified by the audit committee;

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

A Related Party Transaction entered into without approval under this Policy shall not be deemed to violate this Policy, or to be invalid or unenforceable, so long as the transaction is approved or ratified as soon as reasonably practical after the Company becomes aware of such transaction.

The Audit Committee shall consider all the relevant facts and circumstances related to the transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of such transaction, and shall take such course of action as the Audit Committee deems appropriate under the circumstances.

**c) Board of Directors**

The Audit Committee may determine any Related Party Transaction for review by the Board. The Board shall consider and approve such Related Party Transaction at a meeting.

Any member of the board who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

**d) Material Related Party Transactions - Shareholders approval**

All the Material Related Party Transactions shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolution.

All the Transactions, other than the Material Related Party Transaction, with the related parties which are not in the Ordinary Course of Business and at Arms' Length Basis shall also require the approval of the shareholders through resolution if it exceeds the limits specified under Section 188 of the Companies Act, 2013, rules and regulation notified thereunder and SEBI LODR from time to time.

To review a Related Party Transaction, the Shareholders will be provided with all relevant material information of the Related Party Transaction, that are mandatorily required under the Act, SEBI LODR, applicable RPT Industry Standards, applicable accounting standards under the Act and circulars issued thereunder relevant matters.

**7. Disclosure**

The Company shall submit to the stock exchanges, disclosures of related party transactions and publish the same on the website, in the manner prescribed under SEBI LODR from time to time.

**8. General**

- This policy is framed based on the provisions of the Companies Act 2013 and rules there under and the requirements of the LODR.
- In case of any subsequent changes in the provisions of the Companies Act 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.
- This policy shall be reviewed by the Audit Committee and the Board of Directors as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Board. Any changes or modification on the policy would be approved by the Audit Committee and the Board of Directors.