

CG-VAK SOFTWARE AND EXPORTS LIMITED
POLICY ON RELATED PARTY TRANSACTIONS

1. Preamble:

The Board of Directors (the “Board”) of CG-VAK Software and Exports Limited (the “Company”) has, basis the recommendation of the Audit Committee, adopted this Related Party Transactions Policy (this “Policy”), in line with the requirement of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) read with SEBI (Depositories and Participants) Regulations, 2018.

This Policy applies to transactions between the Company and its Related Parties. It provides a framework for governance and reporting of Related Party Transactions.

2. Applicability:

This Policy applies to the transactions between the Company and its Related Parties. Transactions covered under this policy include any contract or arrangement with a Related Party with respect to transactions defined hereunder as “Related Party Transaction”. This Policy on Related Party Transaction shall be governed by Section 188 of the Companies Act, 2013 read with Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations.

3. Definitions:

“The Company” shall means the CG-VAK Software and Exports Limited (CGVAK)

“Arm’s length Transactions” means a transaction between two Related Parties that is conducted as if they are unrelated, so that there is no conflict of interest.

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

“Board” means the Board of Directors of CGVAK, as constituted from time to time

“Key Managerial Personnel” (‘KMP’) means a person who is a KMP, as defined under Companies Act, 2013.

“Listing Regulation” means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Material modification” means any modification made in the value of any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee and/or shareholders, which has the effect of variation in the approved value of the transaction, by 25% or more or by which the transaction ceases to be in ordinary course and/or on arm’s length basis or such other parameter as may be determined by the Audit Committee from time to time.

“Related Party or Related Parties” means related party as defined under Section 2(76) of the Companies Act, 2013 read with sub-regulation (zb) of Regulation 2 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments from time to time.

“Related Party Transaction” means any transaction or arrangement in which the Company and Related Party are contracting parties either directly or indirectly as defined under Section 188 of the Companies Act, 2013 and sub-regulation (zc) of Regulation 2 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments issued from time to time

“Relative” with reference to a director or a Key Managerial Personnel mean persons defined under Section 2(77) of the Companies Act, 2013 read with amendments issued from time to time.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, or SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 or any other laws or regulations on time to time.

4. Periodic identification of Related Parties:

All Directors and Key Managerial Personnel are required to disclose their concern/interest in other companies, body corporates, firms or other Association of Persons (AOPs) including shareholdings along with their list of relatives to the Company at the beginning of every financial year and at the first Board meeting wherein they participate and whenever there is any change in their disclosures already made as per the provision of the Companies Act, 2013.

They are also required to intimate the Board or Audit Committee of any potential Related

Party Transaction involving him/her or his/her Relatives, including any additional information about the transaction that the Board / Audit Committee may reasonably request. The said list of identified Related Parties is shared with the concerned Department to identify and decide on treatment of Related Party Transactions.

5. Materiality Threshold

A transaction with related party shall be considered material only if the transactions(s) exceed the prescribed limit as defined under sub-regulation (1) and (1A) of regulation 23 of the Listing Regulations. Any other threshold limits/amendment to the aforementioned threshold limits as may be prescribed under the Listing Regulations or Companies Act, 2013 from time to time shall be applicable.

6. Procedure for approval of Related Party Transaction:

All related party transactions require review of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions which are repetitive in nature.

Only those members of the Audit Committee, who are Independent Directors, shall approve the related party transactions.

Further, the members of the audit committee, who are independent directors, may ratify related party transactions within three 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 shall not exceed rupees one crore;

(ii) the transaction is not material in terms of the provisions of sub-regulation (1) of regulation 23 of the Listing Regulations;

(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 in terms of the provisions of sub-regulation (9) of this regulation;

(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.

If the Audit Committee determines that a Related Party Transaction should be brought before the Board, then the same shall be placed before the Board for its consideration.

All related party transactions crossing the materiality threshold as specified above shall require prior approval of the shareholders except as mentioned under sub regulation 5 of regulation 23 of the Listing Regulations.

The transactions which are exempted under Companies Act or Listing Regulations will be exempted from the approval of Audit/Board of Directors/Shareholders approval, as the case may be.

7. Criteria for granting Omnibus Approval of Related Party Transactions:

- a) Maximum value of transactions in aggregate allowed for the financial year: The Company shall at the beginning of each financial year (in the first Board/ Audit Committee meeting of the Financial year where the full years financials are being tabled for approval) share the maximum limit for each category of transaction with each of the related parties based on the plan for the financial year. Any deviation from the same will be ratified in the subsequent quarters Board/ Audit Committee meeting along with the rationale for such deviation.
- b) Maximum value per transaction allowed during the year: At the beginning of the financial year, the maximum amount per transaction with related parties to be entered during the year may be indicated. If there is a revised forecast during the year, the same may be updated to the Audit Committee. Any deviation from the same will be ratified in the subsequent quarters Audit Committee meeting along with the rationale for such deviation.
- c) Disclosures to be made to the Audit Committee for seeking omnibus approval: Name of the related party, brief description of the transactions, nature and duration of product / service taken / given, value of transaction, the basis for considering the transaction as being at arms' length and in the ordinary course of business along with such other information as the Audit Committee may seek from time to time.
- d) Intervals at which the Audit Committee would review the transactions entered with related parties. The same should be reviewed on quarterly basis.
- e) Transactions which cannot be subjected to omnibus approval: Only the transactions which are repetitive in nature and covered above shall be subject to omnibus approval. Any one off transaction other than the ones in ordinary course of business (including Premium, Claims, Commission, reinsurance, reimbursement of shared expenses, investments as per investment guidelines and technology and other support provided within existing agreements with any related party) shall require specific approval of the Audit Committee.

The Audit Committee shall consider the repetitiveness of transactions with the related parties in the past and in future and also the justification of the need for such omnibus approval and shall satisfy itself that there is need to approve repetitive transactions in the interest of the Company. While approving the related party transactions, for maximum of 1 year at a time, the Audit Committee shall indicate the following in the omnibus approval:

- Name of the related parties,
- Nature and duration of the transaction,
- Maximum amount of transaction that can be entered into,
- Such other disclosures as may be prescribed by law from time to time,
- Any other relevant information

Further, where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

8. Related party transactions of subsidiaries of the Company:

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 audit committee of the Company 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.

However, with effect from April 1, 2023 as prescribed by SEBI under the Listing Regulations, 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 audit committee of the Company 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.

9. Voting requirements:

Any member of the Audit Committee/Board of Director/Shareholder who has a potential interest in any Related Party Transaction will not vote to approve the relevant transaction.

10. Review of Policy:

The policy will be reviewed once every three years and updated accordingly with the changes if any. In case of any amendment/clarification/circular/notification, etc., issued by the relevant authority, not being consistent with the provisions laid down in this policy, then such amendment/clarification/circular, etc., shall prevail upon the provisions mentioned herein and this policy shall stand amended accordingly from the effective date as laid down under such amendment/clarification/circular/notification, etc.