RELATED PARTY TRANSACTION POLICY

GLOBALLOGIC GROUP COMPANIES

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**INTRODUCTION**

GlobalLogic India Limited (the ‘Company’) recognizes that certain relationships can present potential or actual conflicts of interest and may raise questions about whether transactions with such relationships are consistent with Company’s and its stakeholders’ best interests.

The Company must specifically ensure that certain Related Party Transactions (as defined below) are managed and disclosed in accordance with the legal and accounting requirements to which the Company is subject.

Therefore, this Policy regarding the review and approval of Related Party Transactions is hereby adopted by the Company’s Board of Directors in order to set forth the procedures under which certain transactions must be reviewed and approved or ratified.

As a part of its good corporate governance practices, the Board of Directors (the” Board”) of the Company has adopted the following policy and procedure with regard to Related Party Transactions

1. **Objective**

To ensure that all transactions with the related parties are properly identified, reviewed and approved pursuant to the applicable law. This policy applies to any transaction where the Company is a participant, and the Related Party has or will have a direct or indirect material interest in the transaction. This Policy may be amended at any time and is subject to further guidance from the Audit Committee/Board of Directors.

1. **Guiding Act/Regulations/Rules**

a) The Companies Act, 2013 and rules made there under

b) Accounting Standard - 18

As per the applicability, the company will be required to comply with (a) and (b).

**Definitions:**

1. “**Audit Committee**” or “**Committee**” means Committee of the Board of Directors of the Company constituted under the provisions of the Companies Act, 2013.
2. “**Board**” means the Board of Directors of the Company.
3. “**Key Managerial Personnel**” means key managerial personnel as defined under the Companies Act, 2013
4. “**Material Related Party Transaction**” means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual turnover of the company as per the last audited financial statements of the company.
5. “**Policy**” means the Policy on Related Party Transactions
6. “**Related Party**” and ‘**Relative**’ has the same meaning as described in the Companies Act, 2013, which is defined as follows:

Pursuant to Section 2(76) of the Companies Act, 2013 a “related party”, with reference to a company, means—

"**related party**", with reference to a company, means—

(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 1[or his relative] is a member or director;

(v) a public company in which a director and manager is a director 2[and 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;

1. 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 person as may be prescribed;

2(77) "**relative**", with reference to any person, means any one who is related to another, if—

(i) they are members of a Hindu Undivided Family;

(ii) they are husband and wife; or

(iii) one person is related to the other in such manner as may be prescribed;

**Related Party Transactions (RPT)**

As per Section 188 of Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, the following transactions will be considered as “Related Party Transactions;

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 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; and

g. underwriting the subscription of any securities or derivatives thereof, of the company:

1. **Compliances/Approvals/Processes With Respect To Related Party Transactions**

**A**. In compliance and as provided in Section 188 of the Companies Act, 2013 the following process is put in place:

a. All proposed related party transactions / arrangements or any modifications thereof, with the details of related party, nature of transaction, reason for undertaking the transaction, confirmation on arms length & in the ordinary course of business, duration of the transaction will be placed before the Audit Committee for prior approval and further will be placed before the Board for taking note of the same.

b. Related Party Transactions as defined under Section 188 of Companies Act, 2013 which are not in ordinary course of business and/or not on arms length basis or any subsequent modification thereto, will be placed before the Audit Committee as well as Board for its approval.

**B**. **Approval of Shareholders**:

The following transactions will be placed before the shareholders for its approval through special resolution;

i. sale, purchase or supply of any goods or materials directly or through appointment of agents exceeding ten percent of the annual turnover or Rs. 100 crore, whichever is lower

ii. selling or otherwise disposing of, or buying property of any kind directly or through appointment of agents exceeding ten percent of net worth or Rs.100 crore, whichever is lower

iii. Leasing of property of any kind exceeding ten percent of the turnover of the Company or exceeding ten percent of turnover or Rs. 100 crore, whichever is lower

iv. availing or rendering of any services directly or through appointment of agents exceeding ten percent of annual turnover or Rs. 50 crore, whichever is lower

v. appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees

vi. remuneration for underwriting the subscription of any securities or derivatives thereof of the company exceeding one percent of the net worth

C. **Review of RPTs by Audit Committee:**

Review of transactions with related parties pursuant to Accounting Standard – 18, on quarterly basis.

D. **Disclosure:**

All Related Party Transactions will be disclosed in annual report, results and other filings, as may be applicable, made by the Company to the extent required as per the applicable provisions of the laws and regulations.

IV. **Related Party Transaction under Global Group**

|  |  |  |  |
| --- | --- | --- | --- |
| Transaction | Whether in ordinary course of business\* | Whether on arm’s length basis\* | Approvals Required |
| Lease arrangements/infrastructure sharing | Yes | yes | Approval of Audit Committee |
| Loans including guarantees and investments | Yes | yes | Approval of Audit Committee |
| Service charges | Yes | yes | Approval of Audit Committee |
| Reimbursement ( cost to cost basis) | Yes | yes | Approval of Audit Committee |
| Any other transaction | Yes | yes | Approval of Audit Committee |

\* if “No” under any of the conditions as mentioned in \*, then Audit Committee and Board approval both will be obtained for such transactions .

V. **Criteria/Documents/Process for all transactions with Related Parties:**

a) For all the transactions, due documentation by way of contract/agreement/ bills/invoices/ should be in place.

b) All the related party transactions shall be subject to the applicability, limits, enablement and other conditions as prescribed under the applicable Acts, Rules, Regulations and circulars and guidelines of Regulatory authorities including RBI, MCA, Income Tax, etc.

c) In case of infrastructure and common sharing arrangement, the terms of arrangement including the nature and quality of services, consideration and other terms and conditions shall be as comparable with the terms if availed from the market/third parties.

d) In case of purchase/sale of fixed assets or other assets, the same shall be at market prices or per the valuer certificate.

e) Related Party Transaction shall be approved after assessing all material terms and conditions of the transaction and ensure that the terms are comparable with the market rates/practices at the particular point of time and on arms length basis. The following information will be taken into account when assessing a Related Party Transaction:

a. The terms of such transaction;

b. The Related Person’s interest in the transaction;

c. The purpose and timing of the transaction; d. the nature of the

Company’s participation in the transaction;

e. If the transaction involves the sale of an asset, a description of the asset, including date acquired and costs basis;

f. Information concerning potential counterparties in the transaction;

g. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction and

h. Any other relevant information regarding the transaction.

f) 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, should be 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. If the said ratification is not done such contract or arrangement shall be voidable at the option of the Board;

Any other regulatory changes in this regard will stand updated in the policy from time to time.

**Format for Approval**

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| --- | --- | --- | --- | --- | --- |
| Sr. | Nature and purpose of Transaction | Name of the party with whom transaction is to be entered | Nature of interest | Terms of transactions along with supporting documents, if any | Amount involved |
|  |  |  |  |  |  |