



ArMee Infotech Limited

**POLICY ON MATERIALITY OF RELATED PARTY
TRANSACTIONS AND DEALING WITH RELATED
PARTY TRANSACTIONS**

**(Approved by the Board of Directors of the Company in
their Board Meeting dated 3rd May, 2024)**

I. Introduction and Purpose:

The Board of Directors of Armee Infotech Limited (“the Company”), on recommendation of the Audit Committee, has adopted this policy to regulate transactions of the Company by Related Parties in compliance with Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s) / re-enactment(s) thereof] (“Listing Regulations”) and in terms of Section 188 of the Companies Act, 2013 and is intended to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

II. Definitions:

- a) “Audit Committee”: means Audit Committee constituted by the Board of Directors of Armee Infotech Limited, from time to time, under Section 177 of the Companies Act, 2013 and the Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- b) “Arm’s Length Basis”: RPT will be treated to be on ‘Arm’s Length Basis’ if the key terms, taken as a whole, are comparable with those of similar transactions if they would have been undertaken with non-related parties.

[the expression “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.]
- c) “Board of Directors” or “Board”: means the Board of Directors of Armee Infotech Limited, as constituted from time to time.
- d) “Company”: means Armee Infotech Limited.
- e) “Related Party” means related party as defined under sub-section 76 of Section 2 of Companies Act, 2013 or under applicable accounting standards as may be amended from time to time.

A ‘related party’ is a person or entity that is related to the Company. Parties are considered to be related, if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

- 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 or his relative is a member or director;
- v. a public company in which a director or manager is a director 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;

- vii. any person under 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;

(B) a subsidiary of a holding company to which it is also a subsidiary; or

(C) an investing company or the venturer of the company;

"For the purpose of this clause, "the investing company or the venturer of a company" means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

- ix. A Director other than an Independent Director or Key Managerial Personnel of the Holding Company or his relative with reference to a Company, shall be deemed to be a related party.

- x. Provided that:

(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or

(b) any person or any entity, holding equity shares:

(i) of twenty per cent or more; or

(ii) of ten per cent or more, with effect from April 1, 2023;

in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year shall be deemed to be a related party.

- f) "Relative" means relative as defined under the sub-section 77 of Section 2 of Companies Act, 2013 and includes the one who is related to another, if –

- a. They are Members of a Hindu Undivided Family;
- b. They are Husband and Wife; or
- 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)
- j. Sister (including step-sister)

- g) Related Party Transaction ("RPT") means related party transaction as defined under regulation 2 (zc) of SEBI (Listing Obligations and Disclosure Requirements) Regulations,

2015, as amended from time to time and includes transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity 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 listed entity 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, including but not limited to the following:

- 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.

For the purpose of sub clause (f) above, "office or place of profit" means any office or place—

- (i) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
 - (ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- h) "Material Modifications" means and includes any modification to an existing Related Party Transaction having variance of 20% or more of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.
- i) "Material Related Party Transaction" means the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.]

Notwithstanding the above, a transaction involving payments 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, exceed Five percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

- j) Ordinary Course of Business: RPT will be considered in ordinary course if they are entered in the normal course of the business pursuant to the objects of the Company as per the charter documents of the Company.

Words and expressions used and not defined in this Policy shall have the same meaning assigned to them in the SEBI Act, 1992, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or Companies Act, 2013 [including any modification(s) / amendment(s) / re-enactment(s) thereof] and rules and regulations made thereunder as the case may be and relevant Accounting Standards or any other applicable regulations.

III. Materiality Thresholds:

Regulation 23 of the Listing Regulations requires a company to provide materiality thresholds for transactions beyond which the prior approval of the shareholders through a resolution will be required and no related party shall vote to approve such resolution(s) whether the entity is a related party to the particular transaction or not. The Company has fixed its materiality threshold as follows:

- a) Transactions with a Related Party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.
- b) Notwithstanding the above, a transaction involving payments 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, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.
- c) with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity 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;
- d) prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.]

Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

Provided further that the above shall not apply in respect of a resolution plan approved under Section 31 of the Insolvency Code, if any, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

IV. Manner of Dealing with Related Party Transaction

A. Disclosure by Directors and Identification of Transaction with related Parties

Each Director and Key Managerial Personnel is responsible for providing notice to the Company or Audit Committee of any potential Related Party Transaction involving

him or her or his or her relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Audit Committee will determine whether a transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

Each Director shall disclose of his interest or concern (MBP-1) to the Company and this disclosure shall be placed before the Board of Directors at their first meeting held in the financial year. Any further change in the list of relatives or change in interest shall be intimated by the Directors from time to time, as may be required.

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.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee / Board has adequate time to obtain and review information about the proposed transaction.

B. Review and approval of Related Party Transactions

1. Audit Committee

- i. The Company shall not enter into any contract or arrangement with a Related Party without the approval of the Audit Committee. Prior approval of the Audit Committee shall be obtained for all Related Party Transactions and Material Modifications, other than those with Exempted Wholly Owned Subsidiaries (whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval).

Provided that only those members of Audit Committee who are Independent Directors shall approve the related party transaction.

Provided further that with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity 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;

- ii. All the transactions including Material Modifications which are identified by the Audit Committee as related party transactions should be pre-approved by the Audit Committee before entering into such transaction. The Audit committee to consider the following factors while deliberating the related party transactions for its approval: -
 - Name of party and details explaining nature of relationship;
 - Duration of the contract and particulars of the contract and arrangement;
 - Nature of transaction and material terms thereof including the value, if any;
 - Whether at arm's length or not;
 - Business rationale for entering into such transaction;
 - Any other information relevant or important for the Board to take a decision on the proposed transaction.
- iii. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction, if the Committee determines that the related party transaction is:
 - a Material related party transaction; or
 - Transactions are not in the ordinary course of business or not at the arm's length price, the Audit Committee shall place the matter before the Board for obtaining its approval.
- iv. In determining whether to approve a Related Party Transaction, the Committee may 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 and would apply on the same basis if the transaction did not involve a Related Party;
 - Whether there are any compelling business reasons / rationale 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 an Independent Director;

- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
 - Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
 - Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Executive Officer or other Related Party, the direct or indirect nature of the Director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.
- v. Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the company subject to the following conditions, namely:
- the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature;
 - the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the company;
- vi. The omnibus approval shall specify:
- the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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 rupees one crore per transaction.

The audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the company pursuant to each of the omnibus approval given.

Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

2. Board of Directors

As per the provisions of Section 188 of the Companies Act, 2013, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis or board elects to review any such matter, shall be placed before the Board for its review and approval, with such modification(s) as may be necessary or appropriate under the circumstances.

Moreover, transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the board for approval or transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval or transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval, shall require board's approval.

Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

3. Shareholders' approval

All the transactions with related parties exceeding the materiality thresholds as laid down under Clause III of the Policy and subsequent Material Modifications, shall require prior approval of the shareholders through a resolution.

For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Companies Act, 2013 which:

- are not at Arm's Length or not in the ordinary course of business;
- Exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 shall be placed before the shareholders for their approval.

However, the requirement of shareholders' approval shall not be applicable for transactions entered into between the company and its wholly owned subsidiary whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval 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.

Provided that the above requirement shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, if any, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

4. Transactions which do not require approval:

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

- Any transaction that involves the providing of compensation to a director by way of salary, fee, commission, perquisites, rent free accommodation or otherwise, in connection with his or her duties to the Company;
- Contributions made by the Company to a charitable organization, trust, foundation or university at which a related party is a trustee, director or employee other than key managerial personnel (or comparable position), provided that each such contribution, made in a particular financial year, does not exceed two per-cent (2%) of the Company's average net profit for the preceding three financial years;
- 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

5. Related Party Transactions not approved under this Policy

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Audit Committee. The Audit Committee shall evaluate such transaction and shall decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction, to the extent permissible under the law.

In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

V. Disclosures

- The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified from time to time, and publish the same on its website.
- Provided further that the listed entity shall make such disclosures every six months within fifteen days from the date of publication of its standalone and consolidated financial results:

Provided further that the listed entity shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023.]

- This Policy shall be made available on the website of the Company – armeeinfotech.com and a web link thereto shall be provided in the Company's Annual Report.

VI. Amendment/Review:

The Board of Directors of the company are authorised to withdraw and/or to alter/amend the policy or any part of this Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

If there are any amendments in the applicable laws, then those amendments would prevail over this Policy.

This policy (including the thresholds) shall be reviewed by the Board of Directors atleast once in three years and/or as and when required and updated accordingly.
