

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

### **PREAMBLE:**

The Companies Act, 2013 aims at enhancing Corporate Governance by clearly define the duties of directors and fixing additional responsibilities and defining the attributes and the role of independent director to preserve their independence. It has increased the responsibility of auditors by imposing certain restrictions on providing services other than audit and huge penalties to ensure their independence. Disclosure of related party transactions and approvals for such transactions is one such area which is intended to prevent directors, Key managerial person from taking undue advantage of their position of their personal benefit and ensure transparency in dealings of the Company.

### **POLICY:**

The Board of Directors (the “Board”) of **Systematix Corporate Services Limited** (the “Company”), has adopted this policy and procedures with regard to materiality of and dealing with Related Party Transactions as defined below. This policy is to regulate transactions between the Company and Related Parties based on the applicable laws and regulations applicable to the Company.

### **EFFECTIVE DATE:**

This Policy has been adopted by the Board of Directors of Systematix Corporate Services Limited (‘the Company’) at its Meeting held on February 9, 2016. This policy got amended by the Board of Directors at their meeting held on February 11, 2022 to bring it in line with the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021. This policy got further amended by the Board of Directors at their meeting held on February 10, 2025 to bring it in line with the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024.

### **REFRAMING THE POLICY:**

This policy is re-framed as per requirements of SEBI notified SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 with respect to various amendments in the definition of Related Party Transaction and in Regulation 23 and intends to

ensure the proper approval and reporting of transactions between the Company and its related party.

**DEFINITIONS:**

The key terms used in the Policy are defined herein under:

**"Arms 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.

**"Audit Committee"** means Committee constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Regulations and the Companies Act, 2013.

**"Board of Director" or "Board"** means the Board of Directors of Systematix Corporate Services Limited, as constituted from time to time.

**"Company"** to mean Systematix Corporate Services Limited.

**"Key Managerial Personnel (KMP) means-**

- (i) the Chief Executive Officer or the managing director or the manager;
- (ii) the company secretary;
- (iii) the whole-time director;
- (iv) the Chief Financial Officer;
- (v) such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed;

**"Control"** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

**"Material Related Party Transaction"** means a transaction to be entered into with a Related Party individually or taken together with previous transactions during a financial year:

1. In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements;
2. In case of any other transaction(s), if the amount exceeds Rs. 1,000/- crores or 10% of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower

**"Material Modification"** means any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% (twenty percent) or more, in the relevant previously approved related party transaction.

**"Ordinary course of business"** would include usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities which the Company can undertake as per its Memorandum of Association and Articles of

Association.

**"Policy"** means this Policy on materiality of and dealing with Related Party Transactions.

**"Regulations"** or **"Listing Regulations"** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications or re-enactment thereof.

**"Related Party"** will have the same meaning as defined under Section 2(76) of the Act and/ or Regulation 2(zb) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

The following shall also be treated as the Related Party –

- a. all persons or entities forming part of promoter or promoter group irrespective of their shareholding of the Company;
- b. any person/entity holding equity shares in the Company, as below, either directly or on a beneficial interest basis at any time during the immediately preceding financial year:
  - i. to the extent of 20 % or more;
  - ii. to the extent of 10% or more w.e.f. April 1, 2023.

**"Related Party Transaction"** means transaction in the nature of contract involving transfer of resources, services or obligations between the Company and the Related Party, regardless of whether a price is charged.

Explanation – A "transaction" with a Related Party shall be construed to include single or a group of transactions in a contract.

**The RPT shall include transactions between –**

- a. the Company or any of the Company's subsidiaries on one hand and a related party of the Company or any of the Company's subsidiaries on the other hand;
- b. the Company or any of the Company's 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 the Company's subsidiaries w.e.f. April 1, 2023

**The RPT shall not include following transactions –**

(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 by the Company 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) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along

with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified.

(d) retail purchases from the Company or Company's subsidiaries 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.

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

**"Relative"** means relative as defined under the Companies Act, 2013.

**"Transaction"** with a related party shall be construed to include a single transaction or a group of transactions.

All capitalized terms used in this Policy but not defined herein shall have the meaning ascribed to such terms in the Companies Act, 2013 and Rules framed there under and the Listing Regulations, as amended from time to time.

#### **IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS:**

All Related Party Transactions must be brought to the notice of the Audit Committee of the Company. All Director and Key Managerial Personnel is responsible for providing notice to the Board 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. The Audit Committee would determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy. The Audit Committee will determine whether the transaction is in the ordinary course of business and on an arm's length basis. The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

#### **APPROVAL OF RELATED PARTY TRANSACTIONS:**

- i) Prior approval of the Audit committee shall be required for:
  - a. All RPTs and subsequent Material Modifications;
  - b. RPTs where any of the Company's subsidiaries is a party but Company is not a party, if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the Subsidiary Company:

Provided that only those members of the audit committee, who are independent directors,

shall approve related party transactions.

Provided that prior approval of the audit committee of the Company shall not be required for RPTs where a listed subsidiary of the Company is a party but the Company is not a party, if regulation 23 and 15 (2) of the Listing Regulations are applicable to such listed subsidiary.

Provided that the RPTs in the nature of payment of remuneration and sitting fees by the Company or any of the Company's subsidiaries to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of regulation 23(1) of the listing regulations.

The Audit Committee is required to approve only those Related Party Transactions which are at arm's length and in ordinary course of business. However in case there are transactions which are not at arm's length or which are not in ordinary course of business, committee will have to get the detailed information of such transactions and then it is upto the Committee to approve or disapprove such transactions.

ii) 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 regulation 23(1) 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 regulation 23(9) of the listing regulations;
- (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 Company against any loss incurred by it."

iii) However, the Audit Committee may grant omnibus approval to Related Party Transactions proposed to be entered into by the Company or any of the Company's subsidiaries subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this policy.
- b. The proposed transaction shall be repetitive in nature.

Such omnibus approval will be granted to the transactions which, in addition to meeting the above criteria, also satisfy the following conditions:

- a. The transaction in question is necessary to be executed as it is in the business interest of the Company;
- b. Such omnibus approval shall specify:-
  - i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
  - ii) the indicative base price / current contracted price and the formula for variation in the price if any, and
  - iii) 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.

Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company or any of the Company's subsidiaries pursuant to each of the omnibus approval given.

Such omnibus approvals shall be valid for a period not exceeding 1 (one) year and shall require fresh approvals after the expiry of one year.

The Board has mentioned the transactions for which the clear threshold limits are approved.

**MATERIAL RELATED PARTY TRANSACTION:**

All Material Related Party Transactions and subsequent material modifications shall be placed for approval of shareholders through Resolution and related parties shall abstain from voting on such resolutions,

The prior approval of the shareholders of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and 15 (2) of the Listing Regulations are applicable to such listed subsidiary.

The prior approval of the shareholders of the Company shall not be required in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

**NON-APPLICABILITY OF APPROVAL OF AUDIT COMMITTEE AND SHAREHOLDERS:**

The approval of Audit Committee and Shareholders shall not be required in the following cases:

- a. Transactions entered into between the Company and Company's wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- b. Transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and 15 (2) of the Listing Regulations are applicable to such listed subsidiary.
- c. In respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved
- d. Transactions entered into between two Company's wholly-owned subsidiary, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval
- e. Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

Provided such Related Party Transactions including transactions pursuant to section 188 of the Companies Act, 2013 which are not in the ordinary course of business and / or not on Arm's Length basis and which crosses the threshold limits as prescribed under the Companies Act, 2013 shall require the approval of shareholders of the Company through Resolution and the related parties shall abstain from voting on such resolutions.

**INTEREST OF MEMBER:**

Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related

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Party Transaction. Also 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.

### **EXCEPTIONS:**

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders, subject to the applicable provisions of the Companies Act, 2013 and the Rules made thereunder:

- i. Any transaction that involves the director or Key Managerial Personnel in connection with his or her duties to the Company or any of Company's 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.

### **RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:**

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy prior to its consummation, such matter shall be reviewed by the Audit

Committee. The Audit 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 and shall take any such action it deems appropriate.

The Policy on dealing with Related Party Transactions is to be disclosed on the Company's official website and a web link thereto would be disclosed in the Annual Report of the Company.

Details of all Material Related Parties Transactions shall be disclosed, on quarterly basis, along with the compliance report of corporate governance, to the stock exchanges.

Disclosures of related party transactions in the format as specified from time to time shall be submitted to the stock exchanges in the format as specified in every six months on the date of publication of its standalone and consolidated financial results

Provided further that the remuneration and sitting fees paid by the Company or any of the Company's subsidiaries to its director, key managerial personnel or senior management, except



who is part of promoter or promoter group, shall not require disclosure as stated above provided that the same is not material in terms of the provisions of regulation 23(1) of the listing regulations.

In addition to the disclosures required under Accounting Standard, Related Party Transactions that are not at arm's length basis and / or in ordinary course of business and Material Related Party Transactions that are at arm's length or such other transactions as may be statutorily required, shall be disclosed in the Annual Report of the Company.

**REVIEW OF THE POLICY:**

This policy shall be reviewed by the Board at least once in every three years and updated accordingly.

**AMENDMENTS TO THE POLICY:**

The Audit Committee may review this policy from time to time and recommend any changes to the Board for approval.