

**RELATED PARTY TRANSACTIONS POLICY**

**OF**

**SAKSOFT LIMITED**

**APPROVED BY THE BOARD ON 26<sup>TH</sup> SEPTEMBER 2014**

## **INDEX**

<b>1. INTRODUCTION .....</b>	<b>3</b>
<b>2. DEFINITIONS .....</b>	<b>3</b>
<b>3. PROCEDURES .....</b>	<b>4</b>
<b>4. RELATED PARTY TRANSACTIONS .....</b>	<b>3 to 5</b>
<b>5. MATERIALITY .....</b>	<b>5</b>
<b>6. DISCLOSURE .....</b>	<b>6</b>
<b>7. MODIFICATION .....</b>	<b>6</b>

## **I. INTRODUCTION**

Saksoft Limited (the “Company” or “SAKSOFT”) recognizes that Related Party Transactions (as defined below) can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company’s and its stockholders’ best interests. Therefore, this policy regarding the review and approval of Related Party Transactions has been 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.

## **II. DEFINITIONS**

For the purposes of this policy, the following definitions apply:

**“Immediate Family Member”** means with reference to any person includes any spouse, child, stepchild, brother including step brother, sister including step sister, parent, grandparents, grand children, mother-in-law, father-in-law, son-in-law, daughter-in-law and members of Hindu Undivided family.

**“Related Party”** an entity shall be considered as related to the Company if such entity is a related party under Section 2 (76) of the Companies Act, 2013 (or) such entity is a related party under the applicable accounting standards.

**“Related Party Transaction”** means any transaction that may be eligible to be classified under Companies Act, 2013 read with rules there under, Listing Agreement and Accounting Standards in which a Related Party has, had or may have a direct or indirect material interest. In case of conflict between any of the above mentioned laws during classification, the more stringent provisions shall be taken into account.

## **II. PROCEDURES**

Prior to the entry into any potential Related Party Transaction, such transaction will be reported to Saksoft Audit Committee. Any potential Related Party Transaction that is brought to the Audit Committee shall be analyzed by the said committee in consultation with management and with outside counsel, as appropriate, to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

Once the proposed transaction has been identified by the Audit Committee as potential related party transaction, The Audit Committee shall be provided with the material facts of all new, existing or proposed Related Party Transactions. The Audit Committee will determine whether to refer the Related Party Transaction to the Board of Directors for consideration.

Upon determination, the Audit Committee will refer all Related Party Transactions requiring approval pursuant to this policy to the Board of Directors. All new Related Party Transactions (including the terms of the transaction and the business purpose of the transaction) must be either approved or disapproved by the Board of Directors.

In assessing a Related Party Transaction, the Board of Directors shall consider such factors as it deems appropriate: including without limitation (i) the business reasons for SAKSOFT to enter into the Related Party Transaction; (ii) the commercial reasonableness of the terms of the Related Party Transaction; (iii) the materiality of the Related Party Transaction to SAKSOFT; (iv) whether the terms of the Related Party Transaction are fair to SAKSOFT and on the same basis as would apply if the transaction did not involve a Related Party; (v) the extent of the Related Party's interest in the Related Party Transaction; (vi) if applicable, the impact of the Related Party Transaction on a non-employee director's independence; and (vii) the actual or apparent conflict of interest of the Related Party participating in the Related Party Transaction.

A Related Party Transaction may be approved (i) by the vote of a majority of the directors that are not Related Parties at a meeting of the Board of Directors or (ii) by unanimous approval Consent, provided that a majority of the directors are not Related Parties and that the Transaction in question has previously been discussed at a meeting of the Board of Directors. No director who is a Related Party shall attend and participate in the evaluation or approval of any Related Party Transaction for which he or she is a Related Party, except that the director shall provide all material information concerning the Related Party Transaction to the Board of Directors and may otherwise participate in some or all of the Board of Directors' discussions if so requested by the Board of Directors.

If any prior approval of shareholders by means of passing special resolution is mandated under any statutory laws for any related party transactions, the Board of Directors shall accordingly convene a General Meeting or Postal Ballot as it may deem sufficient and necessary to obtain the shareholder's consent. All procedures defined under the Companies Act, 2013 read with the rules there under and Listing Agreement shall be adopted by the Board of Directors while obtaining the prior approval of the shareholders.

In the case of Transactions which are repetitive / frequent and regular in nature and are in the normal course of business of the Company, the Audit Committee may give omnibus approval and fix up Limits within which the management may carry out such Transactions without any approval of the Audit Committee. Further, it shall periodically review and assess such limits and revise the same as deemed proper and ensure that they are in compliance of this Policy and the guidelines herein.

#### **IV. RELATED PARTY TRANSACTIONS**

The following types of transactions shall be taken into account to check whether they fall under the 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, subsidiary company or associate company Underwriting the subscription of any securities or derivatives thereof, of the Company

#### **V. MATERIALITY**

To consider whether the proposed Related Party transaction is material or non-material, the Audit Committee shall adopt the benchmark as defined under Clause 49 of the Listing Agreement and the Companies Act, 2013 and adopt the stricter interpretation among the two legislations.

All material related party transactions shall have the prior approval of the Audit Committee and subject to the conditions being satisfied under the Listing Agreement, the Board of Directors shall also obtain prior approval of the shareholders.

For all other non-material transactions the Audit Committee shall check the relevant provisions of the Companies Act, 2013 to determine whether the said transaction require prior approval of the Shareholders or shall be exempted from the approval process.

## **VI. DISCLOSURE**

All Related Party Transactions shall be disclosed to Stock Exchanges, Annual Report, websites and such other places as stipulated under the Companies Act, 2013 and Listing Agreement.

## **VII MODIFICATION**

The Audit Committee or the Board of Directors of Saksoft can modify this Policy unilaterally at any time without notice. Modification may be necessary, among other reasons, to maintain compliance with the regulations and / or accommodate organizational changes within the Company.