

RELATED PARTY TRANSACTION POLICY -XCHANGING SOLUTIONS LIMITED

This revised Related Party Transaction Policy shall come into effect from April 1, 2022

1. PREAMBLE

This policy on related party transactions (“Related Party Transactions Policy” or “RPT Policy”) has been formulated, in compliance with the requirements of the Companies Act 2013 (“**The Act**”) and Rules made thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time (“**SEBI Listing Regulations, 2015**”).

The RPT Policy is to ensure the proper approval, regulation and reporting of transactions between the Company and its related parties.

2. DEFINITION

- a) “**Audit Committee**” means Committee of Board of Directors of the Company constituted under provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 & the Companies Act, 2013.
- b) “**Board**” means Board of Directors of the Company.
- c) “**Companies Act, 2013**” means the Companies Act, 2013 read with the Rules framed thereunder (including any modification(s) / amendment(s) / re-enactment(s) thereof) (the “Act”)
- d) “**Company**” means Xchanging Solutions Limited.
- e) “**Key Managerial Personnel**” means key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013;
- f) “**Related Party**” means a related party as defined in the SEBI Listing Regulations 2015 which is as follows:

An entity shall be considered as related party if:

- (i) such entity is related party under Section 2(76) of the Act; or
- (ii) such entity is related party under the applicable accounting standards:

Provided that following shall also be deemed to be a related party:

- (a) any person or Company forming a part of the promoter or promoter group of the Company;
or
- (b) any person or any Company, 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.”

g) **“Related party transaction”** means a transaction involving a transfer of resources, services or obligations between:

(i) a Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or

(ii) a Company or any of its subsidiaries on one hand, and any other person or Company on the other hand, the purpose and effect of which is to benefit a related party of the Company 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:

Provided that the following shall not be a related party transaction:

(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 by the Board:

h) Material Related Party Transactions

i. All Material Related Party Transactions shall be placed for prior approval of shareholders through resolution. The Company has fixed the following materiality threshold for the purposes of Companies Act, 2013 and SEBI Listing Regulations, 2015:

- Transactions with a Related Party shall be governed as per Companies Act, 2013 and rules made thereunder.

- a transaction 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 Company as per the last audited financial statements of the Company, whichever is lower.

- 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.
- ii. The Material Related Party Transactions entered between the Company and its wholly owned subsidiaries shall not require prior approval of shareholders.
- iii. Related Party Transactions Policy on materiality and its threshold limits shall be reviewed by the Board of Directors of the Company once in every three years and updated accordingly.
- i) **“Material modification”** shall mean: i) For Material Related Party Transaction(s)- any modification/change previously approved by the shareholders; ii) For non-material related party transaction(s)- variance of 10% of the existing limit as may be approved by the Audit Committee / Board, as the case may be.
- j) **"promoter" and "promoter group"** shall have the same meaning as assigned to them respectively in clauses 13[(oo)] and (pp)] of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

3. DEALING WITH RELATED PARTY TRANSACTIONS

In dealing with Related Party Transactions, the Company will follow the following approach:

A. Identification of Related Party Transactions:

- i. On an annual basis, the Company shall request a disclosure from each Director and each KMP and other related parties within the meaning of Section 2(76), 184 and 189 of the Companies Act, 2013 and Regulation 2(1)(zb) of the SEBI Listing Regulations, 2015 in the prescribed format, if any.
- ii. All Directors and KMPs would be responsible for promptly notifying the Company in case of any changes/updates occurring in the related parties and in respect of details pertaining to such related parties declared by them.
- iii. Every Director/ KMP of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his/her concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting.
- iv. Where any Director / KMP, who is not so concerned or interested at the time of entering into such contract or arrangement, he/she shall, if he/she becomes concerned or interested after the contract or arrangement is entered into, shall

disclose his/her concern or interest forthwith when he/she becomes concerned or interested or at the first meeting of the Board held after he/she becomes so concerned or interested.

- v. A contract or arrangement entered into by the Company without disclosure or with participation by a Director / KMP who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.

Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and to refer it to the Audit Committee.

B. Approval of Related Party Transactions:

I. Approval of Audit Committee

1. All the transactions which are identified as Related Party Transactions and subsequent material modifications should be pre-approved by the Audit Committee before entering into such transaction. Members of the Audit Committee, who are independent directors, shall only approve related party transactions.
2. 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; The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.
3. With effect from April 1, 2023, 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;
4. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to compliance of the conditions contained in the Companies Act, 2013 and SEBI Listing Regulations, 2015 as amended from time to time.

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

In an unforeseen event where a Related Party Transaction, for which Omnibus approval has not been given by the Audit Committee, needs to be entered due to business exigencies between two Audit Committee meetings, the Audit Committee may approve such Related Party Transaction by passing a resolution by circulation, after satisfying itself that such transaction is in the interest of the Company.

5. 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 approvals given.

The minimum information as required under the Companies Act, 2013 and SEBI Listing Regulations, 2015 as may be notified from time to time, shall be provided to the Audit Committee for their approval.

II. Approval of Board of Directors

All Related Party Transactions and subsequent material modification, which are not in ordinary course of business / not at arm's length, shall require prior approval of the Board of Directors. Where any director of the Company is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

The minimum information as required under the Companies Act, 2013 and SEBI Listing Regulations, 2015 as may be notified from time to time, shall be provided to the Board for their approval.

III. Approval of the Shareholders

- a) All material related party transactions and subsequent material modifications shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the Company is a related party to the particular transaction or not. Further, the information as prescribed under the Companies Act, 2013 and/or the SEBI Listing Regulations, 2015 from time to time shall be provided in the Notice to the shareholders for consideration of RPTs.
- b) The requirement of approval of Shareholders is not applicable for the transactions entered into with wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- c) related party transactions which are not in ordinary course of business or not on arm's length basis and which cross threshold limits as prescribed under the Companies Act, 2013, shall require approval of the shareholders;
- d) All entities falling under the definition of related parties shall not vote to

approve the relevant transaction irrespective of whether the Company is a party to the particular transaction or not.

The minimum information as required under the Companies Act, 2013 and SEBI Listing Regulations, 2015 as may be notified from time to time, shall be provided to the shareholders for their approval.

4. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER RPT POLICY

After the date of approval of this RPT Policy by the Board, if any Related Party Transaction entered into with a Related Party without approval under this RPT Policy prior to its consummation, the Audit Committee shall consider all the relevant facts and circumstances pertaining to such Related Party Transaction, and shall make its recommendation, including ratification, revision or termination of the Related Party Transaction.

5. DISCLOSURE

The Company shall submit within stipulated time from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

6. AMENDMENTS TO THE RPT POLICY

The Board of Directors, on its own and / or as per the recommendations of Audit Committee can amend RPT Policy as and when deemed fit. Any or all provisions of RPT Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under RPT Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and RPT Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Incorporated w.e.f.: November 7, 2014

Revised w.e.f: April 1, 2019

Revised w.e.f: April 1, 2022

Approved by Board of Director through Circular resolution: March 29, 2022.

Reviewed on November 10, 2022

Current reviewed on November 10, 2023