



OPTIEMUS INFRA COM LIMITED

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

*As per Sec. 188 of Companies Act, 2013 and Regulation 23 of SEBI [Listing
Obligations & Disclosure Requirements Regulations] 2015*

1. PURPOSE

Optiemus Infracom Limited (“the Company”) recognizes that Related Party Transactions (as mentioned below) may raise questions regarding conflict of Interest and that whether such transactions are in the best interest of the Company and its shareholders or not. Therefore, this policy has been adopted by the Board with the objective of ensuring compliance with the provisions pertaining to **Related Party Transactions (RPT)** in the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly, RPTs may be entered into by the Company only in accordance with this Policy as amended from time to time with an objective to ensure high standards of Corporate Governance while dealing with Related Parties.

This policy has been adopted by the Board of Directors of the Company based on the recommendations of the Audit Committee. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board.

This revised policy shall supersede the existing Policy on Materiality of Related Party Transactions and Dealing with Related Party Transaction with effect from April 01, 2019.

2. DEFINITIONS

2.1. Definitions as per Regulation 23 of SEBI (LODR) Regulations, 2015

Following are the key definitions with respect to Related Party and RPTs as per Regulation 23 of SEBI (LODR) Regulations, 2015

- 2.1.1. **‘Related Party’** An entity shall be considered as Related Party to the company if:
- Such an entity is Related Party under Section 2(76) of the Companies Act, 2013; or
 - Such an entity is a Related Party under the applicable accounting standards.
 - Regulation 2(1)(zb) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015
- 2.1.2. **‘Related Party as per Accounting Standard’** Parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions
- 2.1.3. **‘Related Party Transaction’** A Related Party Transaction is a transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged.

2.2. Definitions as per Companies Act, 2013

2.2.1. **‘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.

2.2.2. **‘Associate company’** in relation to another company, means a company in which that other company has a significant influence but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation: For the purposes of this definition,

- a. “significant influence” means control of at least twenty per cent. of total voting power, or control of or participation in business decisions under an agreement;
- b. “joint venture” means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement

2.2.3. **‘Body Corporate’ or ‘Corporation’** includes a company incorporated outside India, but does not include;

- A co-operative society registered under any law relating to co-operative societies; and
- Any other body corporate (not being a company as defined in this Act), which the Central Government may, by notification, specify in this behalf.

2.2.4. **‘Chief Executive Officer’** means an officer of a company, who has been designated as such by it.

2.2.5. **‘Chief Financial Officer’** means a person appointed as Chief Financial Officer of the company.

2.2.6. **‘Company’** means a company incorporated under the Companies Act, 2013 or under any previous company law.

2.2.7. **‘Control’** shall include the right to appoint majority of the directors or to control the Management or policy decisions, exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or Management rights or shareholders agreements or voting agreements or in any other manner.

2.2.8. **‘Holding Company’**, in relation to one or more other companies, means a company of which such companies are subsidiary companies.

2.2.9. **‘Interested Director’** means a director who is in any way, whether by himself or through any of his relatives or firm, body corporate or other association of

individuals, in which he or any of his relatives is a partner, director or a member, interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into by or on behalf of a company.

- 2.2.10. **'Key Managerial Personnel'**, in relation to company, means -
- the Chief Executive Officer or the managing director or the manager;
 - the Company Secretary;
 - the whole-time director
 - the Chief Financial officer,
 - 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
 - such other officer as may be prescribed.
- 2.2.11. **'Manager'** means an individual who, subject to the superintendence, control and direction of the Board of Directors, has the Management of the whole, or substantially the whole, of the affairs of a company, and includes a director or any other person occupying the position of a manager, by whatever name called, whether under a contract of service or not.
- 2.2.12. **'Managing Director'** means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of Management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.
- 2.2.13. **'Net Worth'** means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write back of depreciation and amalgamation.
- 2.2.14. **'Office or place of profit'** means any office or place -
- Where such office or place is held by a director, if the director holding it receives from the company anything by the way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, any rent free accommodation or otherwise;
 - 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 the way of remuneration, salary, fee, commission, perquisites, any rent free accommodation or otherwise.
- 2.2.15. **'Related party'**, with reference to a company, means—
- a director or his relative;
 - A key managerial personnel or his relative;

- A firm, in which a director, manager or his relative is a partner;
- A private company in which a director or manager or his relative is a member or director;
- A public company in which a director or manager is a director AND holds along with his relatives, more than 2% of its paid-up share capital;
- Anybody 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;

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

- i. Any body corporate which is—
 - a. a Holding, subsidiary or an associate company of such company;
 - b. Subsidiary of a holding company to which it is also a subsidiary; or
 - c. an investing Company or the venture of the Company
- ii. a director (other than an independent director) or key managerial personnel of the holding company or his relative.

2.2.16. **‘Relative’**, with reference to any person, means anyone who is related to another, if—

- They are members of a Hindu Undivided Family;
- They are husband and wife; or
- One person is related to the other in such manner as may be prescribed

Rule 4 of the Definition Rules have prescribed the following persons who shall be deemed to be the relative of another, if he or she is related to another in the following manner;

- Father: term “Father” includes step-father;
- Mother: term “Mother” includes the step-mother;
- Son: term “Son” includes the step-son;
- Son’s wife;
- Daughter;
- Daughter’s husband;
- Brother: term “Brother” includes the step-brother;
- Sister: term “Sister” includes the step-sister

2.2.17. **‘Subsidiary Company’** or **‘Subsidiary’**, in relation to any other company (that is to say the holding company), means a company in which the holding company -

- Controls the composition of the Board of Directors; or
- Exercise or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies;

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation: For the purposes of this clause -

- A company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- The composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- The expression 'company' includes any body corporate;
- 'Layer' in relation to a holding company means its subsidiary or subsidiaries.

2.2.18. **'Turnover'** means the gross amount of revenue recognised in the profit and loss account from the sale, supply or distribution of goods or on account of services rendered, or both, by the company during a financial year.

2.2.19. **'Whole-time director'** includes a director in the whole-time employment of the company.

3. KEY PRINCIPLES

3.1. Materiality Thresholds for RPT's

The related party transactions for being executed have to be approved by Audit Committee and/or Board of Directors and further by the Shareholders as well where, such transactions touches the materiality as discussed below in accordance with the Companies Act, 2013 and Regulation 23 of Listing Regulations.

Materiality of RPT's are as below:

Nature of Transactions	Materiality as per Companies Act, 2013 (A)	Materiality as per SEBI (B)
Sale, purchase or supply of any goods or materials directly or through appointment of agents	10% or more of Turnover of the Company or Rs.100 Crores, whichever is lower	Exceeding 10% of the annual consolidated turnover
Buying, selling or disposing of property of any kind directly or through appointment of agents	10% or more of Networth of the Company or Rs.100 Crores, whichever is lower	Exceeding 10% of the annual consolidated turnover
Leasing of any kind of property	10% or more of Turnover of the Company or Rs.100 Crores, whichever is lower	Exceeding 10% of the annual consolidated turnover
Availing or rendering of any services directly or through appointment of agents	10% or more of Turnover of the Company or Rs.50 Crores, whichever is lower	Exceeding 10% of the annual consolidated turnover

Appointment to any office or place of profit in the company, its subsidiary company or associate company	Monthly remuneration exceeding Rs.250,000	Exceeding 10% of the annual consolidated turnover
Remuneration for underwriting the subscription of any securities in or derivatives thereof	Exceeding 1% of net worth	Exceeding 10% of the annual consolidated turnover
Transfer of resources, services and other obligations	-	Exceeding 10% of the annual consolidated turnover
Brand usage or Royalty	-	Exceeding 2% of the annual consolidated turnover

3.2. Arm's Length Pricing

The Arm's length pricing is the condition or the fact that the parties to a RPT are independent (un-related) and on an equal footing from one or more of the following aspects namely quality, realization, commercial terms etc. Such a transaction is known as an "arm's-length transaction".

As per Companies Act, 2013 '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. Additionally, the pricing of long term RPTs as defined by Audit Committee/ Board of Directors, shall be reviewed periodically to ascertain the appropriateness of Arm's Length.

3.3. Ordinary Course of Business

The criteria of being "ordinary" or "normal" or "in the ordinary course of business", is met when both of the two selective criteria are satisfied namely;

- a. the transaction must be ascribed to business objectives or operational activities or alternatively, related to financial activities and;
- b. the same transaction must also fall under the perimeter of the ordinary exercise of operational activities or related financial activities.

4. IDENTIFICATION AND MONITORING OF RELATED PARTIES

4.1. Process for Identification of Related Parties

The Secretarial team shall identify all Related Parties for the Company on the basis of disclosures received from the Directors/ KMPs, corporate and investment structure and

other supporting documents/ information. The names of all related parties identified shall be consolidated as a Reference List and shall be shared with Audit committee.

4.2. Process for Monitoring Related Parties

The Directors and KMPs are mandated to promptly communicate to the Secretarial team any changes in the initial disclosure submitted by them. The Secretarial team shall update the Reference List on the basis of intimations received from the Directors/ KMPs or changes in corporate or investment structure as informed from time to time.

5. IDENTIFICATION, REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

Prior to entering into any RPT, the nature of transaction with Related parties and conformity as to whether the transactions are/were in arm's length basis and ordinary course of business or not. It is only on determination of these factors that the further course of action will be initiated.

5.1. Process for RPT's which are in the ordinary course of Business and at Arm's Length

For Related Party Transactions which are in the Ordinary Course of Business and at Arm's Length if so determined by the Audit Committee, such transactions can be carried on with the Approval of Audit Committee.

5.2. Process for RPT's which are not in the ordinary course of Business and not at Arm's Length

For RPTs identified as outside the ordinary course and/ or not at arm's length, as per Companies Act 2013, the Secretarial team shall present the Audit Committee's opinion on such RPTs before the Board of Directors, for seeking **Board approval**. A Director, interested in any way in the RPT shall not participate in any discussion or approval of RPT. The Board may take an independent view on the approval of the RPT based on information made available and further information may be sought. For material RPT's, as referred to in 'Key principles' and which are outside the ordinary course and/ or not at arm's length, a **prior approval of the shareholders** shall be obtained in a General Meeting. A member, interested in any way in the RPT should abstain from voting on the resolution for such transaction.

If the proposed RPT is classified as material as per Regulation 23, whether in ordinary course of business and/ or arm's length, or otherwise, a **prior Board approval** should be obtained and thereafter, **approval of the shareholders** shall be obtained in a General Meeting. All entities falling under the definition of Related Parties shall not vote to approve such resolution irrespective of whether the entity is a related party to the particular transaction or not.

The requirement of shareholders' approval for Material Related Party Transactions shall not be applicable for the following cases:

- transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.
- 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.

6. RECURRING RPT'S

6.1. Approval of the Audit Committee

All related party transactions shall require prior approval of the Audit Committee.

6.2. Omnibus approval

The Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- The omnibus approval shall provide -
 - (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 (for ex: +/- 5%) and
 - (iii) Such other conditions as the Audit Committee may deem fit.

However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 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 and such approvals for a period not exceeding one year at a time.

7. EFFECT ON RELATED PARTY TRANSACTION NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a RPT that has not been approved under this policy prior to its consummation, the matter shall be reviewed by the Audit Committee and the Audit Committee shall consider all relevant facts and circumstances regarding the RPT, evaluate all options available to the Company, including ratification, revision or termination of the RPT.

In any case, where the Audit Committee determines not to ratify an RPT that has been commenced without its approval, the Audit Committee, may direct additional actions as appropriate, including but not limited to, immediate discontinuation or rescission of the RPT, or modification of the RPT to make it acceptable for ratification. With respect to review of an RPT, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

8. DISCLOSURE

The company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report. The details of RPTs, which are not in the Ordinary Course of Business and/ or not at Arm's Length, shall be disclosed in the Board's report along with a justification for entering into such transactions.

The details of material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

9. AMENDMENTS TO THE POLICY

The Audit Committee of the Company shall review this Policy from time to time, but at least once every three years, and may recommend amendments to the same for the approval of Board.

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