

POLICY ON RELATED PARTY TRANSACTIONS

Pursuant to Regulation 23 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations")

1. SCOPE AND PURPOSE OF THE POLICY

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the Company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulation 23"), Fidel Softech Limited ("Company") has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions. Also, Regulation 23(1) of the SEBI Listing Regulations requires the Company to formulate a policy on materiality of related party transactions and dealing with related party transactions. In light of the above, the Company has framed this Policy on Related Party Transactions ("Policy"). This Policy has been adopted by the Board of Directors of the Company based on recommendations of Audit Committee. Going forward, the Audit Committee will review and amend the policy, as and when required, subject to adoption by the Board of Directors.

2. OBJECTIVE OF THE POLICY

The Objective of the Policy is to set out (a) the materiality thresholds for related party transactions; and (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS

"Act" means the Companies Act, 2013;

"Arm's Length Transactions" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest;

"Company" means Fidel Softech Limited;

"Key Managerial Personnel" or "KMP" shall have the meaning as defined in the Companies Act, 2013.

"Material Related Party Transactions" means a transaction with a related party if the transaction/transactions to be entered into individually or taken together with previous transactions during the financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statement of the Company.

However, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered as material related party transaction 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 listed entity or Rs. 50 Lakhs., whichever is less.

“Material Modification to Related Party Transaction (RPT)” means the following any subsequent change to an existing RPT, having increase of 25% or more;

“Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities which the Company can undertake as per Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines;

“Regulation 23” means the Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

“Relative” with reference to a Director or KMP mean persons as defined in Section 2(77) of the Act and rules prescribed there under;

“Related party” have the meaning as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Regulations; However any person or entity belonging to the promoter or promoter group of the Company and holding 20% or more of shareholding in the Company shall be deemed to be a related party.

“Related party Transactions” shall have the same meaning as defined under the Regulation 2(1)(zc) of SEBI Listing Regulations and under the Act,

“SEBI Listing Regulations” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. Any other term not defined herein shall have the same meaning as defined in the Act, SEBI Regulations or any other applicable law or regulation.

4. MANNER OF DEALING WITH RELATED PARTY TRANSACTION

Identification of Related Parties

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the rules framed there under and Regulation 2(1)(zb) of the SEBI Listing Regulations.

Identification of Related Party transactions

The Company has formulated guidelines for identification of related party transactions in accordance with provisions the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations. The Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm’s length basis and for this purpose, the Company will seek external expert opinion, if and wherever necessary.

5. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION

Approval of the Audit Committee

A. All related party transactions other than remuneration and sitting fees paid by the Company or its subsidiary to its director; key managerial personnel ('KMP') or senior management personnel ('SMP') (except who is part of promoter or promoter group) provided that same is not material, require prior approval of the Audit Committee.

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

a. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include

the following namely:

- i. Maximum value of transaction, in aggregate, which can be allowed under the omnibus route in a year;
- ii. The maximum value per transaction which can be allowed;
- iii. Extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval;
- iv. Review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each omnibus approval made;

Transactions which cannot be subject to the omnibus approval by the Audit Committee

b. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-

- i. Repetitiveness of the transactions (in past or in future);
- ii. Justification for the need of omnibus approval

c. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the Interest of the Company;

d. The omnibus approval shall provide details of

(i) the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into,

(ii) basis of arriving at 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 transactions cannot be foreseen and above details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 Crore per transaction.

e. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the company or its Subsidiary pursuant to the omnibus approval given;

f. Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year;

g. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company;

h. Any other conditions as the Audit Committee may deem fit.

B. In compliance to the approval of the Board of Directors, the Audit Committee of the Company has specified following criteria for granting omnibus approval:

a. The maximum value of the transactions, in aggregate, which can be allowed under omnibus route in a year will be 25% of the annual consolidated turnover of the company as per last audited financial statements;

b. The maximum value per transaction which can be approved under omnibus route will be the same as per the definition of Material Related Party Transaction;

c. While assessing a proposal put up before the Audit Committee/Board for approval, the Audit Committee /Board may review the following documents/seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

i. Nature of the transaction i.e. details of goods or property to be acquired/transferred or services to be rendered/availed-including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;

ii. Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;

iii. Key covenants (non-commercial) as per the draft of the proposed agreement/contract to be entered into for such transaction;

iv. Special terms covered/to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;

v Benchmarking information that may have a bearing on the arm's length basis analysis, such as:

- Market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
- Third party comparable, valuation reports, price publications including stock exchange and commodity market quotations;
- Management assessment of pricing terms and business justification for the proposed transaction;
- Comparative analysis, if any, of other such transaction entered into by the Company.

APPROVAL OF BOARD OF DIRECTORS OF THE COMPANY

As per the provision of Section 188 of the Act, all kinds of transactions specified under the said section and which are not in the ordinary course of business and at arm's length basis, are placed before the Board for its approval.

Further, where any Director is interested in the Related Party Transaction being considered for approval at the Board Meeting, such Director shall not be present during discussions pertaining to such transaction.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval.

- Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per

the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;

- 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;

- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval;

- Material Related Party Transactions meeting which are intended to be placed before the shareholders for approval.

APPROVAL OF THE SHAREHOLDERS OF THE COMPANY

All the Material Related Party Transactions shall be placed before the shareholders for their approval. For this purpose, all entities falling under the definition of Related Parties shall not vote to approve the relevant transactions on such resolutions 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 Act which

- (a) are not at Arm's Length or not in the ordinary course of business; and

(b) exceed the thresholds laid down in Companies (Meeting of Board and its Power) Rules, 2014 shall be placed

before the shareholders for its approval.

Notwithstanding the foregoing, the following Related Party Transactions shall not require prior approval of Audit Committee or Shareholders, as may be applicable:

- i. 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 Company's general meeting for approval.
- ii. Transactions entered into between two wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the Shareholders at the Company's general meeting for approval.
- iii. 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.
- iv. Any transaction involving remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel ('KMP') or senior management personnel ('SMP') (except who is part of promoter or promoter group) provided that same is not material and as already approved by the Board from time to time as per the applicable laws and other expenses connected to the same.

DISCLOSURES

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in the ordinary course of business or not at arm's length basis along with the justification for entering into such transaction.

In addition to the above, the Company shall also provide details of all Material Related Party Transactions on a quarterly basis to the stock exchanges.

The Company shall also submit on 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 the annual results to the stock exchanges and publish the same on its website.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all 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. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the

Audit Committee under this policy and the failure of internal control systems and shall take any such action it deems appropriate. Ratification of Related Party Transaction. 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 sub-regulation (1) of this regulation;
- (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 sub-regulation (9) of this regulation;
- (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 listed entity against any loss incurred by it

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation by the defaulting person (as may be decided by the Audit Committee) to the related party or the Company as the case may be, etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

REVIEW OF THE POLICY

The adequacy of this Policy shall be reviewed and reassessed by the Committee periodically and appropriate recommendations shall be made to the Board to update the Charter based on the changes that may be brought about due to any regulatory amendments or otherwise. Such Policy shall be reviewed by Board of Directors at least once three years and updated accordingly.

COMPLIANCE RESPONSIBILITY

Compliance of this policy shall be the responsibility of the Company Secretary / Compliance Officer of the Company who shall have the power to ask for any information or clarifications from the management in this regard.