

ARCHANA SOFTWARE LIMITED

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Policy on Related Party transactions

1. Policy

This policy applies to all the transactions which are entered into with the Related Parties. All the transactions with Related parties will be at arm's length, which means the terms and conditions of such transactions will be finalized in such a way that transactions are entered into between unrelated parties.

Prior approval of the Audit Committee and Board is required for entering into transactions with related parties.

2. Definitions

As per the provisions of Clause 49 VII of the Listing Agreement, "Transaction with related party" means transfer of resources, services or obligations in which company is a participant and related party has or will have a direct or indirect interest regardless of whether price is charged.

A 'related party' is a person or entity that is related to the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

1. A person is related to a company if that person:

- a. is a related party under Section 2(76) of the Companies Act, 2013; or
- b. has control or joint control or significant influence over the company; or
- c. is a key management personnel of the company or

2. An entity is related to a company if any of the following conditions applies:

- a. The entity is a related party under Section 2(76) of the Companies Act, 2013; or
- b. The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
- c. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
- d. Both entities are joint ventures of the same third party; or
- e. One entity is a joint venture of a third entity and the other entity is an associate of the

third entity; or

f. The entity is a post - employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company; or

g. The entity is controlled or jointly controlled by a person identified in (1).

h. A person identified in (1)(b) has significant influence over the entity (or of a parent of the entity);

“control” includes 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: Provided that a director or officer of a company shall not be considered to be in control over such company, merely by virtue of holding such position.

Related party under Section 2(76) of Companies Act 2013 with reference to a company, means —

(i) a director or his relative;

(ii) a key managerial personnel or his relative;

(iii) a firm, in which a director, manager or his relative is a partner;

(iv) a private company in which a director or manager is a member or director;

(v) a public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid - up share capital;

(vi) any body 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;

(vii) 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;

(viii) any company which is —

(A) a holding, subsidiary or an associate company of such company; or

(B) a subsidiary of a holding company to which it is also a subsidiary;

(ix) Director or Key Managerial Persons of the holding company or his relative.

Relative Means

(i) they are members of a Hindu Undivided Family;

(ii) they are husband and wife; or

(iii) one person is related to the other in such manner as may be prescribed;

Besides above, the following are considered relative(s) including the step relationship
Father, Mother, Son, Son's wife, Daughter, Daughter's husband, Brother, Sister.

3. Procedures

If it is intended to enter into a transaction with any of the related parties as specified above, the Management Committee of the Company shall notify the same to the Company Secretary and it is the duty of the Company Secretary to promptly notify the same to the Audit Committee of such proposed transaction. The Audit Committee will analyse whether the transaction is at arm's length and whether the same is entered into in the ordinary course of business. The Audit Committee After reviewing the material facts of the proposed transactions decide whether to approve or disapprove entering in to the proposed interested transactions.

No Director will participate in any discussion or approval of a transaction for which he or she is a Party or whose family member is a related party, except that the director may provide information on the transaction to the Audit Committee.

In following cases transactions with related parties requires approval of shareholders by way of special resolution prior to the Company entering into the said transactions:

- a) If the Audit Committee determines that the transaction with related party is not on arms lengths terms or not in the ordinary course of business of the Company.
- b) if the transaction/transactions to be entered into, individually or taken together with previous transactions during a financial year, exceeds five percent of the annual turnover or twenty percent of the net worth of the Company as per the last audited financial statements of the Company whichever is higher.

No member of the Company shall vote on such special resolution to approve any contract or arrangement, which may be entered into by the Company, if such member is a related party.

Approved and issued By the Board of Directors of Archana Software Limited	Applicable w.e.f 22 nd march 2019 Version.1.2
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