

POLICY ON RELATED PARTY TRANSACTION

1. THE POLICY

Quantum Build-Tech Limited shall engage with Related Parties in the ordinary course of business and on an arm's length basis to leverage scale, size and drive operational synergies to provide value added, innovative services to its clients while ensuring that transactions with Related Parties are, fully compliant with applicable Regulations.

2. OBJECTIVE OF THE POLICY

The Board of Directors ("the Board") of Quantum Build-Tech Limited ("QBTL" or "the Company"), after considering the recommendation of the Audit Committee, has adopted this policy and associated procedures with regard to Related Party Transactions, in line with the requirements of the Companies Act, 2013 and the Equity Listing Agreement.

This Policy is intended to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties. This policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions.

Primarily, this Policy aims that no related party transactions may be entered into by the Company, except in accordance with the provisions of this Policy and applicable laws.

3. DEFINITIONS AND APPLICABILITY

Definitions of some of the key terms used in this policy are given below:

- a) **'Act'** means Companies Act, 2013, as amended from time to time.
- b) **'Arm's Length Transaction'** means a transaction between the Company and its Related Party(ies) that is conducted as if they were unrelated and at a fair value, so that there is no conflict of interest.
- c) **'Audit Committee' or 'Committee'** means Committee of Board of Directors of the Company constituted under provisions of the Act and the Listing Agreement.
- d) **'Director'** means a director on the Board of the Company.
- e) **'Key Managerial Personnel or KMP'** means
 - i. the Chief Executive Officer or the Managing Director or the Manager and in their absence the Whole-Time Director;
 - ii. Company Secretary;
 - iii. the Chief Financial Officer; and
 - iv. any other person appointed as the KMP by the Board of Directors of the Company

- f) **‘Material Related Party Transaction’** will have the same meaning as defined in Clause 49 of the Listing Agreement.
- g) **“Ordinary Course of Business (‘OCB’)”** means a transaction which is:
- carried out in the normal course of business envisaged in accordance with the Memorandum of Association (‘MoA’) of the Company as amended from time to time, or
 - historical practice with a pattern of frequency, or
 - common commercial practice, or
 - meets any other parameters / criteria as decided by the Board/Audit Committee.
- h) **‘Policy’** means this Related Party Transaction Policy.
- i) **‘Related Party’** has the same meaning as assigned to it under the Act and Clause 49 of the Listing Agreement, as amended from time to time.
- j) **“Related Party Transactions”** mean all transactions between the Company on one hand and one or more related party on the other hand including contracts, arrangements and transactions as envisaged in Section 188(1) of the Act and/or Clause 49
- k) **‘Stock Exchanges’** means the stock exchanges where equity shares of the Company are listed.

This policy shall be applicable to all Related Party Transactions entered into on or after 12.08.2014. The Audit Committee of the Company shall review all existing related party transactions as a matter of good governance and agree on corrective steps, if required, to ensure that the transactions entered are in the ordinary course of business and are on an arm’s length basis.

4. DEALING WITH RELATED PARTY TRANSACTIONS

Related Party Transactions are prohibited, unless approved or ratified by the Audit Committee and / or the Board of Directors of the Company in accordance with this policy. In dealing with Related Party Transactions, the Company will follow the following approach:

I. IDENTIFICATION OF RELATED PARTY TRANSACTIONS

- ❖ All Related Party Transactions must be brought to the notice of the Audit Committee of the Company.
- ❖ Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Audit Committee of the Company through Company Secretary.

- ❖ All Directors, Members of the Management Committee and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest (including interest of their Relatives) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Directors, Members of the Management Committee and KMPs are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction is in the ordinary course of business and on an arm's length basis.

- ❖ 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.

II. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

- ❖ Related Party Transactions are prohibited, unless approved or ratified by the Audit Committee of the Company in accordance with this policy.

- ❖ Unless otherwise stated in this policy, all Related Party Transactions require prior approval of the Audit Committee of the Company. All Related Party Transactions must be reported to the Company Secretary who shall submit the same for approval or ratification by the Audit Committee in accordance with this policy.

- ❖ The Audit Committee shall grant omnibus approval to Related Party Transactions that are:
 - a. repetitive in nature; and/or
 - b. entered in the ordinary course of business and are at Arm's Length. The expression Arm's Length has the meaning ascribed to it under Section 188 of the Companies Act, 2013.

Such omnibus approval will be granted to the transactions which, in addition to meeting the above criteria, also satisfy the following considerations:

- (a) The transaction in question is necessary to be executed as it is in the business interest of the Company;
- (b) If the transaction to be entered into with a Related Party is concerning technology transfer, intellectual property or specialized services that are proprietary in nature;
- (c) The requisite information is presented to the Audit Committee's satisfaction, to confirm that the transaction is at Arm's Length and in ordinary course of business;
- (d) Such omnibus approval shall specify

- (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 value and the formula for variation in the value, if any and
 - (iii) such other conditions as the Audit Committee may deem fit;
- ❖ Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
 - ❖ The Audit Committee shall on quarterly basis review the details of the Related Party Transactions entered into by the Company pursuant to the omnibus approval.
 - ❖ 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.
 - ❖ Ratification, if any, of a Related Party Transaction after its commencement or completion will be approved by the Audit Committee in exceptional circumstances only.
 - ❖ A Related Party Transaction entered into without prior approval of the Audit Committee shall not be deemed to violate this policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee for ratification as promptly as reasonably practical after it is entered into and such transaction is ratified.
 - ❖ Any member of the Audit Committee, who has a potential interest in any Related Party Transaction, will recuse him or herself and abstain from voting on the approval or ratification of such Related Party Transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval or ratification of the Audit Committee.
 - ❖ The following Related Party Transactions that are not in the ordinary course of business or not on arm's length basis shall be referred to the Board of Directors for their approval.
 - (i) sale, purchase or supply of any goods or materials;
 - (ii) selling or otherwise disposing of, or buying, property of any kind;
 - (iii) leasing of property of any kind;
 - (iv) availing or rendering of any services;
 - (v) appointment of any agent for purchase or sale of goods, materials, services or property;
 - (vi) such Related Party's appointment to any office or place of profit in the Company, its subsidiary company or Associate Company; and
 - (vii) underwriting the subscription of any securities or derivatives thereof, of the Company.

- ❖ Any member of the Board who has a potential interest in such Related Party Transaction will recuse him or herself and abstain from voting on the approval of such Related Party Transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval of the Board.
- ❖ All the Material Related Party Transactions shall be considered and approved by the Board before placing them before shareholders for their approval except for those transactions that do not require approval under Section 177 and 188 of the Act; and are transactions entered into between the Company and its wholly-owned subsidiary (if any) whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- ❖ Any such Related Party Transactions shall also be placed for prior approval of shareholders if it exceeds the thresholds as prescribed under the Companies Act, 2013 and rules framed there under and the Listing Agreement.
- ❖ All entities falling under the definition of Related Parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

III. RELATED PARTY TRANSACTIONS THAT SHALL NOT REQUIRE APPROVAL

Following transactions shall not require separate approval under this policy:

- Any transaction pertaining to appointment and remuneration of Directors and KMPs that has already been approved by the Nomination and Remuneration Committee of the Company or the Board;
- Transactions that have been approved by the Board under the specific provisions of the Companies Act, e.g. inter-corporate deposits, borrowings, investments with or in wholly owned subsidiaries or other Related Parties;
- Payment of Dividend;
- Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off, approved by the Board and carried out in accordance with the specific provisions of the Companies Act, 2013 or the Equity Listing Agreement;
- Contribution to Corporate Social Responsibility (CSR), subject to approval of CSR Committee and within the overall limits approved by the Board of Directors of the Company.

5. MATERIAL RELATED PARTY TRANSACTION

- ❖ All Material Related Party Transactions shall be placed for prior approval of shareholders through Special Resolution.

- ❖ A transaction with a Related Party shall be considered Material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceed ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

6. DISCLOSURE(S)

- ❖ Details of all Material Related Parties Transactions shall be disclosed, on quarterly basis, along with the compliance report on corporate governance, to the Stock Exchanges.
- ❖ The Company shall disclose the policy on dealing with Related Party Transactions on its website and provide weblink in the Annual Report. In addition to the disclosures required under Accounting Standard, Related Party Transactions that are not at arm's length basis and Material Related Party Transactions that are at arm's length or such other transactions as may be statutorily required, shall be disclosed in the Annual Report of the Company.

7. AMENDMENTS TO THE POLICY

- ❖ The Audit Committee of the Company shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company.
- ❖ Any or all provisions of this 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 this policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.
