



R SYSTEMS INTERNATIONAL LIMITED | RELATED PARTY TRANSACTION POLICY

1. INTRODUCTION:

The Board of Directors of R Systems International Limited (the “Company” or “RSIL”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below.

This Policy was initially adopted by the Board pursuant to the provisions of the Listing Agreement entered into with the stock exchanges and was effective from October 01, 2014, and is amended from time to time with latest amendments approved by the Board in its Board Meeting held on February 13, 2025.

2. OBJECTIVE:

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 (the “Act”) read with the Rules framed thereunder and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), RSIL 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 Listing Regulations requires the Company to formulate a policy on materiality of Related Party Transactions and dealing with Related Party Transactions. The purpose of this 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, Listing Regulations; (c) the criteria for granting omnibus approval and any other statute as may be applicable to the Company.

3. DEFINITIONS:

- **“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.
- **“Audit Committee or Committee”:** means Audit Committee as constituted by the Board

of Directors of the Company under provisions of the Listing Regulations and Act.

- **“Board of Directors” or “Board”:** means the Board of Directors of R Systems International Limited, as constituted from time to time.
- **“Key Managerial Personnel” or “KMP”:** means Key Managerial Personnel as defined under the Act and the Rules made thereunder.
- **“Ordinary course of business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.
- **“Policy”** means Related Party Transaction Policy.
- **“Related Party”** means an entity/ Person which
 - a) is a related party under Section 2 (76) of the Companies Act, 2013; or
 - b) is a related party under the applicable Accounting Standard;
 - c) Any Person or entity belonging to the promoter or promoter group of the Company; or
 - d) Any Person or any entity, holding equity shares of 10% or more in the Company, or such other threshold as may be specified under the Listing Regulations or the Act, 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.
- **“Related Party Transaction” or “RPTs”** means a transaction involving a transfer of resources, services or obligations between
 - (a) the Company or any its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
 - (b) the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company entity or any of its subsidiaries;

regardless of whether 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. However, the following transactions shall not be treated as 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 of the Company which are uniformly applicable/ offered to all shareholders in proportion to their shareholding:

- i. payment of dividend;
 - ii. sub-division 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) Retail purchases from the Company or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/ offered to all employees and directors.
- **“Material Related Party Transaction”** means transactions as mentioned in Annexure-I.
 - **“Material Modifications”** means any modifications to the material related party transactions which were approved by the Audit Committee or Shareholders during the year which will change the complete nature of the transaction and in case of monetary thresholds or which is in excess of 20% of the originally approved transaction.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act read with the Listing Regulations.

4. IDENTIFICATION OF RELATED PARTIES AND RELATED PARTY TRANSACTION

Each Director and KMP shall disclose to the Company at the time of their appointment and at the commencement of each financial year, and whenever there is any change in the previously disclosed information, all persons, entities, and firms in which they hold a direct or indirect interest.

Based on the information provided and in accordance with the Act and Listing Regulations, a comprehensive list of Related Parties shall be compiled to facilitate the identification of any potential transactions with Related Parties.

5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

I. Audit Committee

- All Related Party Transactions and subsequent material modifications, except as exempted by the Listing Regulations and/or the Act, shall require prior approval of the Audit committee of the Company.
- Only those members of the audit committee, who are independent directors, shall approve Related Party Transactions.
- 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, if the value of such transaction whether entered into individually or taken together with previous transactions

during a financial year, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

- The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company or its subsidiary subject to the following conditions:
 - The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this policy on Related Party Transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
 - The Audit Committee shall satisfy itself regarding the requirement for such omnibus approval and that such approval is in the interest of the Company.
 - Such omnibus approval shall specify:
 - the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
 - the indicative base price / current contracted price and the formula for variation in the price if any; and
 - such other conditions as the Audit Committee may deem fit or prescribed by Listing Regulations and the Act.

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.

- Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company or its subsidiary pursuant to each of the omnibus approval given.
- Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- The audit committee shall review the status of long-term (more than one year) or recurring RPTs on an annual basis.

II. Board of Directors

- Board's approval is required at the meeting of the Board for the following related party transactions, except transactions which are in the ordinary course of business and on arm's length basis and pertains to:
 - a) sale, purchase or supply of any goods or materials;
 - b) selling or otherwise disposing of, or buying, property of any kind;

- c) leasing of property of any kind;
 - d) availing or rendering of any services;
 - e) appointment of any agent for purchase or sale of goods, materials, services or property;
 - f) such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; and
 - g) underwriting the subscription of any securities or derivatives thereof, of the Company.
- The Board shall, in respect of all the Related Party Transactions referred to it for approval, understand the rationale for the transaction not being in the ordinary course of business and at arm's length price.
 - Approval of the Board must be obtained at the meeting of the Board of Directors, not by circular resolution.

III. Shareholders' Approval

The Company will seek shareholders' prior approval through requisite majority for all material Related Party Transactions exceeding the thresholds as mentioned in Annexure I and subsequent material modifications thereof, except as exempted by Listing Regulations and/or the Act.

No member of the Company who is a related party shall vote on any resolution to approve a Related Party Transaction, regardless of whether the Company is a related party to the specific transaction or not.

6. NO APPROVAL REQUIRED FOR CERTAIN RELATED PARTY TRANSACTIONS

Subject to the provisions of Listing Regulations and/or the Act, approval of the Audit Committee/ Board of Directors/ Shareholders, as the case may be, shall not be required for the following Related Party Transactions:

- Between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the annual general meeting for approval.
- Transactions entered into between two wholly owned subsidiaries of the Company whose accounts are consolidated with the Company and placed before the shareholders at the annual general meeting for approval.
- Remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who are part of promoter or promoter group, provided that the same is not material in terms of this Policy.

7. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event, the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of 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 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 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 this Policy of Listing 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 in compliance with Listing Regulation;
- v. any other condition as specified by the audit committee.

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 Company against any loss incurred by it.

8. FACTORS TO BE CONSIDERED IN APPROVING RELATED PARTY TRANSACTIONS

In determining whether to approve a Related Party Transaction, following factors will be considered:

- i. Whether the terms of the Related Party Transaction are on an arm's length basis.
- ii. Whether the transaction is in the ordinary course of business.
- iii. Are there any undue compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- iv. Whether the Related Party Transaction is in the interest of the Company;
- v. Where the ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company; and
- vi. Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel or their relatives or any other Related Party of the Company, taking into account the size of the transaction, the overall financial position of such Related Party(ies), direct or indirect nature of the director's, key managerial personnel's,

relative's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship;

vii. Such other factors as may be provided by the Act or Listing Regulation, from time to time.

9. DISCLOSURE REQUIREMENTS:

- Disclosure in the Annual Report and under the financial statements.
- The Company shall keep and maintain a register, maintained physically or electronically, as may be decided by the Board of Directors, giving separately the particulars of all contracts or arrangements to which this policy applies and such register is placed/ taken note of before the meeting of the Board of directors.
- Every director or key managerial personnel shall, within a period of thirty days of his appointment, or relinquishment of his office in other Companies, as the case may be, disclose to the Company the particulars relating to his/ her concern or interest in the other associations which are required to be included in the register maintained in this regard.
- The Company shall submit disclosures of Related Party Transactions in such format, manner and within such timeline as specified by the Securities and Exchange Board of India ("SEBI") from time to time, and publish the same on its website.
- The RPT Policy shall be made available on the website of the Company and a web link thereto shall be provided in the Company's Annual Report.
- Disclosures on materially significant related party transactions that may have potential conflict with the interests of Company at large in Corporate Governance Report.

10. POLICY REVIEW:

In case of any subsequent changes in the provisions of the Act or Listing Regulations or any other regulations which makes any of the provisions in the policy inconsistent with the Act or Listing Regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Board of Directors as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Board but at least once in every three years. Any changes or modification on the policy would be approved by the Board of Directors.

Annexure I

THRESHOLD OF MATERIAL RELATED PARTY TRANSACTION

The following shall be material related party transaction:

S. No.	Prescribed Transaction Category	Thresholds - Companies Act, 2013	Regulation 23 of Listing Regulations.
		(Lower of the two thresholds)	
1	Sale, purchase or supply of any goods or materials (directly or through appointment of agents)	Amounting to ten percent or more of the turnover of the Company (standalone).*	During a financial year <u>exceeding Rupees one thousand crore or 10% of the annual Consolidated Turnover of the Company</u> as per its last audited financial statements, whichever is lower, i.e. Material Related Party Transaction as Per Listing Regulations.*
2	Selling or otherwise disposing of, or buying, property of any kind (directly or through appointment of agents)	Amounting to ten percent or more of the net worth of the Company (standalone).*	
3	Leasing of property of any kind	Amounting to ten percent or more of the turnover of the Company.*	
4	Availing or rendering of any services directly or through appointment of agents	Amounting to ten percent or more of the turnover of the Company (standalone).*	
5	Appointment to any office or place of profit in the Company, its subsidiary Company or associate Company at a monthly remuneration	Exceeding INR 2.5 lakhs p.m.	
6	Remuneration for underwriting the subscription of any securities or derivatives thereof of the Company	Exceeding 1% of the net worth (standalone)	
7	Transaction involving payment made to related party with respect to brand usage or royalty	-	
8.	Any Other Transaction	As provided by Companies Act, 2013	

**Applies to transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.*

(Last Amended on February 13, 2025)