

infoedge

# **RELATED PARTY TRANSACTIONS POLICY**

As originally approved by the Board of Directors in their meeting held on 19<sup>th</sup> January, 2015

Reviewed on 24<sup>th</sup> July, 2017, 28<sup>th</sup> May, 2019, 22<sup>nd</sup> June, 2020 and 20<sup>th</sup> March 2022  
(Effective Date 1<sup>st</sup> April, 2022)

## 1. Policy Statement:

Info Edge (India) Limited (“Company”) believes in the conduct of its affairs in a fair, accountable and transparent manner and is committed to creating a culture of ‘Right Doing’ that encourages highest standards of professionalism, ethics, integrity and objectivity in the conduct of its operations and avoid any potential or actual conflicts of interest.

## 3. Objective:

The Board of Directors (“Board”) of the Company has adopted this Related Party Transactions Policy (‘Policy’) to regulate Related Party Transactions (as defined later) in accordance with the provisions of the Companies Act, 2013 (‘Act’), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘LODR’ or ‘Listing Regulations’) and other applicable laws.

### Overview

The Policy details out systems for identification of Related Parties and Related Party Transactions (RPTs), procedures governing the review, determination of materiality, approval and reporting of such transactions.

## 4. Definitions:

- **“Arm’s length transaction”** shall mean a transaction between two related parties that is conducted as if they were unrelated and that there is no conflict of interest as further clarified in Para 5.3 in this Policy.
- **“Audit Committee or Committee”** means Committee of the Board of Directors of the Company constituted pursuant to the provisions of Regulation 18 of the Listing Regulations and Section 177 of the Act.
- **“Board”** means Board of Directors of the Company.
- **“Key Managerial Personnel” (“KMP”)** means as defined under section 2(51) of the Act.
- **“Material Modification”** shall mean any modification made in the terms and conditions of any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee and/ or shareholders, as the case may be which, individually or taken together with previous modifications during a financial year, results in variation in the value of the Related Party Transaction, by at least 25% or Rs.25 crores, whichever is higher, or has significant impact, on the nature, value, tenure, exposure, or likely financial impact of such transaction, as may be determined by the Audit Committee from time to time.

Provided that a modification shall also be material, if by such modification, the terms of the contract cease to be arms' length.

Provided further that the following shall not be considered as material modification:

- modifications which may be mandated pursuant to change in law including but not limited to changes in the norms or parameters under the Transfer Pricing Regulations or any other applicable laws;
- modifications pursuant to and in accordance with the terms of the approved transaction/contract, whether with or without mutual consent of parties, as the case may be;
- modifications resulting from change in constitution of either of parties pursuant to scheme of arrangement (eg merger, amalgamation, demerger, etc.);
- modifications which are purely technical and do not result in substantive change or alteration of rights, interests, and obligations of any of the parties;
- modifications uniformly affected for similar transactions with unrelated parties.

- **“Material Related Party Transaction”**

Under the Listing Regulations:

Material RPT means a transaction with a Related Party, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds INR 1000 Crore (Rupees One Thousand Crore) or 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Notwithstanding anything contained above a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material 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 listed entity as per the last audited financial statements of the Company.”

Under the Act:

Without prejudice to anything stated above, the following threshold limits laid down under the Act shall also be considered for determining the materiality of the Related Party Transactions for obtaining shareholders' approval in terms of the Act:

Prescribed transaction categories	Threshold Limits <sup>#</sup>
Sale, purchase or supply of any goods or material (directly or through an agent)	amounting to 10 per cent or more of turnover
Selling or otherwise disposing of, or buying, property of any kind (directly or through an agent)	amounting to 10 per cent or more of net worth.
Leasing of property of any kind	amounting 10 per cent or more of turnover

Availing or rendering of any services (directly or through an agent)	amounting to 10 per cent or more of turnover
Appointment to any office or place of profit in the company, subsidiary company or associate company	remuneration exceeding Rs.2.5 lacs per month.
Underwriting the subscription of any securities or derivatives of the company	remuneration exceeding one per cent of net worth.

The limits mentioned in the Table above shall apply for transaction or transactions with a related party to be entered into either individually or taken together with the previous transactions during a financial year.

# Annual turnover and net worth referred shall be computed as per audited financial statements for the preceding financial year.

- **“Ordinary course of Business”** means activities that are normal, regular, frequent and incidental to the business of the Company as further clarified in Para 5.3 in this Policy..
- **“Related Party”** means related party as defined under:
  - Regulation 2(1)(zb) of the Listing Regulations;
  - section 2(76) of the Act;
  - applicable accounting standards.
- **“Related Party Transaction”** or **“RPT”** or **“Transaction”** means a transfer of resources, services or obligations between:
  - the Company or any of its subsidiaries on one hand and a Related Party of the Company or any of its subsidiaries on the other hand; or
  - 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 or any of its subsidiaries, with effect from April 01, 2023, regardless of whether a 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
- Words and expressions not defined in this Policy, shall have the meanings as assigned to them under Listing Regulations, and the Act

## 5 Policy:

### 5.1 Identification of Related Parties

Every Director & KMP will be responsible for providing a declaration in the prescribed format (MBP-1) containing disclosure of his interest at the beginning of financial year and thereafter in case of any change therein, immediately, on him/her becoming aware of such change.

The Related Parties shall be identified based on such disclosures received from Directors/KMPs of the Company and its Subsidiaries. The list of Related Parties shall be maintained for the Company and its subsidiaries at all times and shall be updated on a periodic basis, and as and when there are changes necessitating updation of the lists.

## **5.2 Identification of potential Related Party Transactions:**

Related Party Transactions shall be identified on the basis of Related Party's lists as maintained by the Company and lists obtained from the subsidiaries.

Each Director and KMP is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her, or his or her relative(s), including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

The Company expects to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

## **5.3 Factors while deciding on undertaking RPTs**

The Company shall be guided by the following factors/parameters to decide whether a particular RPT shall be undertaken –

- Whether the RPT is in ordinary course of business. In deciding the same, the following factors would be relevant:
  - (i) whether the transaction is in line with the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities;
  - (ii) whether it is permitted by the Memorandum and Articles of Association of the Company; and
  - (iii) whether the transaction is such that it is required to be undertaken in order to conduct the routine or usual transactions of a Company;
  - (iv) The transaction is not
    - (a.) an exceptional or extra ordinary activity as per applicable accounting standards or financial reporting requirements;
    - (b.) any sale or disposal of any undertaking of the Corporation, as defined in explanation to clause (a) of sub-section (1) of section 180 of the Act;
- Whether the RPT is on arms' length basis, that is, transaction between two Related Parties is conducted as if they were unrelated, so that there is no question of conflict of interest. The following may be relevant factors:
  - (i) The contracts/ arrangements are entered into with Related Parties, are at such prices/ discounts/ premiums and on such terms which are offered to unrelated parties of similar category/ profile;
  - (ii) The contracts/ arrangements have been commercially negotiated;

- (iii) The pricing is arrived at as per the rule/ guidelines that may be issued by or acceptable for the purpose of Ministry of Corporate Affairs, Income Tax Act, 1961, Securities and Exchange Board of India and/or such other statutory or regulatory bodies as applicable to any of the contract/ arrangements contemplated under the Act, Rules framed thereunder or Listing Regulations;
- (iv) The terms of contract/ arrangement other than pricing are generally on a basis similar to those as may be applicable for similar category of goods and services or similar category/ profile of counterparties;
- (v) Such other criteria as may be issued under Applicable Law

Arms' length nature of the transaction would depend not only on the price or value involved, but also on other terms and conditions of the transaction, for example, credit period allowed for payment against products/services, , etc.

- Whether there are any compelling reasons for the Company to enter into the proposed Transaction;
- Whether the proposed Transaction would compromise the independence of an independent director or the auditors of the Company;
- Whether the proposed Transaction includes any potential reputational risk that may arise as a result of or in connection with the proposed Transaction;
- Whether the Company was notified about the proposed Transaction in advance and if not, why pre-approval was not sought and whether subsequent ratification, if allowed, would be detrimental to the Company; and
- Whether the proposed Transaction would present an improper conflict of interest for any Director or KMP of the Company, taking into account the size of the Transaction, the overall financial position of the Director/KMP or other Related Party, nature of the Director's/KMP's/other Related Party's interest in the transaction, the nature of ongoing relationship and any other factors the Audit Committee deems relevant.

#### **5.4 Approval and review of Related Party Transactions:**

Approval and/or review of all RPTs shall be undertaken in accordance with the provisions of the Act and the Listing Regulations, as may be mandated from time to time. A brief overview of the approvals required is provided below -

##### **5.4.1 Approval of the Audit Committee:**

- RPTs to be placed before Audit Committee:
  - All RPTs of the Company, whether material or not, shall require prior approval of Audit Committee.
  - All subsequent modifications to such RPTs shall be approved (may be ratified) by Audit Committee; however, any Material Modification to such RPTs shall require prior approval of the Audit Committee.
  - RPTs entered into by the subsidiary of the Company, to which the Company is not a party, will require prior approval of the Audit Committee if the value of such transaction whether entered individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover (annual standalone turnover w.e.f. April 01, 2023), as per the last audited financial statements of the

- Company or such other thresholds as may be specified under the Act/Listing Regulations. However, the same will not be required in case the subsidiary is a listed company to which Regulation 23 is applicable.
- Material RPTs of a subsidiary, to which the Company is not a party, which require prior approval of the shareholders of the Company, shall also be routed through the Audit Committee.
  - Omnibus approvals:
    - Audit Committee may grant omnibus approvals for certain transactions/series of transactions, subject to the aforesaid conditions for approval of RPTs, and the following factors:
      - repetitiveness of the transactions (in past or in future)
      - there must be a need and a justification for such omnibus approvals
      - 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 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
    - The criteria for omnibus approval shall be specified by Audit Committee, after obtaining approval of the Board, and such criteria shall include :
      - (a) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
      - (b) the maximum value per transaction which can be allowed;
      - (c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
      - (d) review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made;
      - (e) transactions which cannot be subject to the omnibus approval by the Audit Committee.
    - the Company should be in a position to foresee such transactions properly with all relevant details such as the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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 and all such details as may be mandated by the Act, and the Listing Regulations from time to time. All such details and information as may be required by Audit Committee to take an informed decision and to grant omnibus approval should be placed before Audit Committee.
    - Where the transactions are unforeseen, or the details as required are not available, omnibus approval shall not exceed rupees one crore per transaction. It may be noted that merely because a transaction cannot be foreseen and/or details are not available, the same does not obviate the Company to obtain prior approval of Audit Committee;
    - Further, omnibus approval shall not be given for in respect of selling or disposing of undertaking of the Company, or such other transactions as may be specifically mentioned under the Act and the Rules.
    - Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.
    - the Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approvals given.
  - Information to be placed:

- The Audit Committee shall be provided with all such information as may be required to determine whether the RPT shall be approved.
- At the minimum, all such information as required under the Act and the Listing Regulations shall be placed before the Audit Committee, including the terms of the transaction, the business purpose, the benefits to the Company and to the Related Party, etc.
- The Audit Committee shall have the right to call for such further information as may be required.
- In determining whether to approve an RPT, the Audit Committee shall consider the factors and the criteria, etc. as stated in this Policy. Further, the Audit Committee shall have the right to seek professional advice for the purpose of taking a decision on RPT, in suitable cases.
- Only those members of the Audit Committee, who are independent directors, shall approve RPTs. Further, any member of the Committee, who has a potential interest in any RPT, will recuse himself/herself and abstain from participation, discussion and voting on the approval of the RPT.

**Approval of the Board of Directors:**

- In case any RPT is referred to the Board for its approval due to the transaction being:
  - (i) not in the ordinary course of business; or
  - (ii) not at an arm's length price; or
  - (iii) elected, suo-moto, by the Board for review; or
  - (iv) mandated under any law to be approved by the Board,then, the considerations set forth above, in case of Audit Committee, shall apply *mutatis mutandis* to the Board with respect to the proposed RPT.
- Any member of the Board who has any interest in any RPT will recuse himself and abstain from participation, discussion and voting on the approval of the RPT.
- where the Board has not accepted the recommendations of Audit Committee, the same shall be disclosed in the Board Report and corporate governance report along with the reasons thereof .
- In all cases where shareholder approval for RPT is required, the same should be placed before the Board for its recommendation to the shareholders.

**Approval of the shareholders:**

- (i) All Material RPTs and subsequent Material Modifications shall require prior approval of shareholders by way of an ordinary resolution.
- (ii) Shareholder approval shall not be required for transactions specifically exempted under the Act/Listing Regulations.

In such a case as mentioned above, any member of the Company who is a Related Party, shall not vote on resolution passed for approving such Related Party Transaction whether such Related Party is a party to the particular transaction or not.

**Approval Matrix of Transaction(s)**

Type of RPT	Approving body		
	Audit Committee	Board	Shareholders
RPTs u/s 188	█	_____	_____
RPTs u/s 177	█	_____	_____
RPTs under Reg.23	█	_____	_____
RPTs above - not in ordinary course / arm's length & not material	█	█	_____
Material RPTs	█	_____	█

**Approval Matrix for Transaction(s) with partly owned subsidiaries**

Type of RPT	Approving body		
	Audit Committee	Board	Shareholders
RPTs u/s 188	█	_____	_____
RPTs u/s 177	█	_____	_____
RPTs under Reg.23	█	_____	_____
RPTs above - not in ordinary course / arm's length & not material	█	█	_____
Material RPTs	█	_____	█

**Transaction with wholly owned subsidiaries (WOS)**

Type of RPT	Approving body		
	Audit Committee	Board	Shareholders
RPTs u/s 188	█	---	---
RPTs u/s 177	---	---	---
RPTs under Reg.23	---	---	---
RPTs u/s 188 - not in ordinary course / arm's length & not material	█	█	---
RPTs u/s 177 - not in ordinary course / arm's length & material	---	---	---

**Approval of Transaction(s) between subsidiary and its related party where the Company is not a party**

Type of RPT	Approving body		
	Audit Committee	Board	Shareholders
Listed subsidiary^	---	---	---
Unlisted subsidiary*	█	█	█

█ if not in ordinary course or arm's length    █ if material

^where Regulation 23 is applicable to the listed subsidiary

\*prior approval of the audit committee of the listed entity 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 consolidated (standalone w.e.f. April 01, 2023) turnover, as per the last audited financial statements of the subsidiary

*Note: The approving body above is with reference to the Company and not its subsidiary.*

**Review of RPTs undertaken by the Company**

- All RPTs for which prior approval of Audit Committee /Board was undertaken, shall be put for review before such authority, along with information such as -
  - status of such RPT
  - whether the RPT was undertaken on substantially the same terms and conditions as approved,

- whether there were any deviations from the approved terms and conditions, and reasons for such deviations,
- impact of such deviations
- The periodicity of such review should be annual, or where so deemed necessary or as may be decided by the Audit Committee /Board. In case of RPTs for which omnibus approval was obtained, the periodicity of review shall be quarterly.

### 5.5 Related Party Transactions not requiring approval:

Notwithstanding the foregoing, the following transactions shall not be deemed to be RPTs for the purpose of this Policy, and shall not require approval of Audit Committee, Board or shareholders, as the case may be.

- **Statutory exclusions/exemptions:**
  - RPTs between the Company and its wholly-owned subsidiaries;
  - RPTs between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval;
  - 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;
  - the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
    - i. payment of dividend;
    - ii. subdivision or consolidation of securities;
    - iii. issuance of securities by way of a rights issue or a bonus issue; and
    - iv. buy-back of securities.
  - Such other exclusions and exemptions as may be provided under the Act/Listing Regulations, or other applicable laws from time to time.
- **Others (as approved by the Audit Committee and board):** Any transaction that involves the providing of compensation to a director or KMP in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
  - 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.
  - Any employee, a member of his family, or close personal relation owns securities in a publicly listed Company that does business with or competes with Company, provided that one of the following applies:
    - Company's transactions with such Company can have no material effect on the value of such securities; or
    - the employee is not in a position to influence decisions affecting such Company.

### 5.6 Effect of RPTs undertaken without requisite approvals

- In case an RPT is entered into, without requisite approval(s) under this Policy the matter shall be reviewed by the Audit Committee.
- The Audit Committee shall consider all the relevant facts and circumstances regarding the RPT including the circumstances pertaining to the failure of reporting such RPT and shall evaluate all

options available to the Company, including ratification, revision or termination of the RPT or such other action as it may deem fit.

- In case, where the Audit Committee determines not to ratify an RPT undertaken without approval, Audit Committee may direct additional actions including, but not limited to, immediate discontinuation or rescission of the said transaction.
- In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.
- Where prior approval of Audit Committee for RPTs could not be sought and RPTs are in the ordinary course of business and at arm's length, approval may be obtained through resolution by circulation. The same shall be taken note of and ratified at the next Audit Committee meeting.

#### **5.7 Reporting of Related Party Transactions:**

Reporting of RPTs shall be done as required and in accordance with the provisions of the Act and the Listing Regulations, including the following -

- Board's report:
  - Every contract or arrangement which is required to be approved by the Audit Committee / Board/shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
- Stock exchanges: The Company shall disclose all RPTs transactions with Related Parties to the stock exchanges or any other authority under Listing Regulations or any other law for the time being in force.
- Such disclosure shall also be placed before Audit Committee at periodic intervals.

## **6 Miscellaneous:**

- The Audit Committee is authorized to amend or modify any part of the Policy. Any such amendment shall be placed before the Board in its next meeting for confirmation.
- This Policy shall also be reviewed by the Board -
  - at least once in every three years, and
  - as and when required by the Board, and
  - as and when circumstances arise.
- This Policy shall be disclosed on the website of the Company and such web link shall also be provided in the Annual Report.
- If the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this Policy until this Policy is changed to conform to the law, rule, regulation or standard.