



Coforge Limited

RELATED PARTY TRANSACTION POLICY

(Modified w.r.t. the Sixth Amendment to the SEBI LODR Regulations dated 9th November, 2021 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated 22nd November, 2021)

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1. Preamble:

The Board of Directors (the “**Board**”) of Coforge Limited (Erstwhile NIIT Technologies Limited) (the “**Company**” or “**Coforge**”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Company recognizes that Related Party Transactions can present potential or actual conflicts of interest and create the appearance that Company decisions are based on considerations other than the interests of the Company and its shareholders. The Company recognizes that there are situations where Related Party Transactions may be in the best interests of the Company and its shareholders, including but not limited to situations where the Company may obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources or where the Company provides products or services to Related Party (as defined below) on an arm’s length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally.

The audit committee of the board of directors of the Company may review and end this policy from time to time recommend any amendments that it deems necessary and appropriate to the Board for consideration.

This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company.

2. Background and context

The Companies Bill 2012 received the assent of the President of India on 29 August 2013, thus making it a law, the Companies Act, 2013 (“**the 2013 Act**”). Further, as a listed company, the Company is required to comply with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**SEBI LODR Regulations**”). The above regulations have widened the definition of related parties and also increased the compliance requirements with respect to approvals, disclosures, etc. of related party relationships and transactions. The SEBI LODR Regulations require that a Company should prepare and disclose a policy on dealing with related party transactions on the website and a web link thereto shall be provided in the Annual Report.

This policy aims to comply with the amended provisions of the 2013 Act and rules framed thereunder and the SEBI LODR Regulations.

3. Definitions:

- a. “**Audit Committee or Committee**” means the Audit Committee constituted by the Board of Directors of the Company under provisions of the SEBI LODR Regulations and Companies Act, 2013, from time to time.
- b. “**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. For determination of Arm’s Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.
- c. “**Associate Company**” means any other Company, in which the Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a joint venture company.

For the purpose of this clause “significant influence” means control of at least twenty per cent of total share capital, or business decisions under an agreement.

- d. “**Board of Directors**” or “**Board**” means the Board of Directors of Coforge, as constituted from time to time.

- e. **“Key Managerial Personnel”** or **“Key Management Personnel”** means Key Managerial Personnel as defined under the Companies Act, 2013 and the Rules made thereunder which include (i) the Chief Executive Officer or the managing director or the manager; (ii) the Company Secretary; (iii) the whole-time director; and (iv) the Chief Financial Officer.
- f. **“Material Related Party Transaction”** means any Related Party Transaction to be entered into individually or taken together with previous transactions during a financial year exceeding rupees one thousand crore (Rs. 1000 Crs.) or (10%) ten percent of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower. (or such other limit as may be prescribed from time to time).

[“Material Modification” means any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% (twenty percent) or more, in the relevant previously approved related party transaction.

- g. **“Policy”** means this Related Party Transaction Policy.
- h. **“Related Party”** means an entity which
 - a) is a related party under Section 2(76) of the Companies Act, 2013; or
 - b) is a related party under the Indian Accounting Standard 24 (INDAS 24) “Related Party Disclosures;” or
 - c) is a related party under Regulation 2(1)(zb) of the SEBI LODR Regulations
- i. **“Related Party Transaction”** means (i) transaction in the nature of contract involving 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 1, 2023, regardless of whether a price is charged or (ii) a transaction, arrangement, or relationship (or any series of similar transactions, arrangements or relationships) between the Company (including any of its subsidiaries and consolidated affiliated entities) and any Related Party, which means:
 - a) any enterprise that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the Company;
 - b) any unconsolidated enterprise in which the Company has a significant influence or which has significant influence over the Company;
 - c) any individual owning, directly or indirectly, an interest in the voting power of the Company that gives such individual significant influence over the Company, and close members of any such individual’s family;
 - d) any senior management personnel, that is, any person having authority and responsibility for planning, directing and controlling the activities of the Company, including directors and senior management of the Company and relatives of such individuals’ families; and
 - e) any enterprise in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) above or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the Company and enterprises that have a member of senior management in common with the Company.

For purposes of this Policy, close members of an individual's family are those that may be expected to influence, or be influenced by, that person in their dealings with the Company. Significant influence over an enterprise is the power to participate in the financial and operating policy decisions of the enterprise but is less than control over those policies. Shareholders beneficially owning a 10% interest in the voting power of the Company are presumed to have a significant influence on the Company. A "transaction" with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

Provided that the following shall not be a 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 by the Company 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.

4. Related Party Master List

The Company under the supervision of the Audit Committee, shall compile a master list of Related Parties. Directors and senior management members shall provide to the Company such information as necessary for the preparation of the master list of Related Party. Any person nominated to stand for election as a director or any person who is appointed as a director or a member of the senior management shall submit to the Company the same information no later than the date of his or her nomination or appointment, as the case may be. Where practicable, the Company shall request persons identified according to paragraph (3) of "3. Definition: Related Party Transaction" of this Policy to provide the such information as necessary for the preparation of the master list of Related Party.

Directors and members of the senior management are expected to notify the Company of any updates to the information provided by them.

The Corporate Secretarial/Finance/Legal Department shall distribute the master list to (a) business unit and function/department leaders responsible for purchasing products or services for the Company or selling the Company's products or services and (b) the Chief Executive Officer, the Chief Financial Officer, the Chief Operation Officer, the Finance and Accounts Department, and Corporate Internal Audit Team of the Company. The recipients of the master list shall utilize the information contained therein, in connection with their respective business units, departments and areas of responsibility, to effectuate this Policy.

5. General Policy

All Related Party Transactions and subsequent material modifications must be reported to the Audit Committee for its pre-approval in accordance with this Policy.

The Company, shall maintain the master list of Related Parties updated contemporaneously on the basis of SEBI LODR Regulations. The list should be circulated to the Chief Executive Officer, the Chief Financial Officer, the Chief Operation Officer, business unit and function/department leaders, the

Finance and Accounts Department, and Corporate Internal Audit Team for their review and confirmation.

6. Identification of Related Parties

The following process shall be followed to ensure all Related Parties are identified in order to obtain the requisite approvals for any transactions with such Related Parties:

- i. Every director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals, including his shareholding, shall furnish Form MBP-1 “Notice of Interest by Director” pursuant to Section 184(1) and Rule 9 of the Companies (Meeting of Board and its Powers) Rules, 2014.
- ii. Every Director shall also furnish declaration in relation to their relatives, their relatives’ partnership in firms, interest/shareholding/directorships in private companies and public companies.
- iii. Declaration by Key Management Personnel and senior management of the Company regarding relatives and entities over which they are able to exercise significant influence etc.
- iv. Declaration by the Board of Directors of Coforge regarding whether the Board of Directors, managing director or manager of any other body corporate is accustomed to act in accordance with the advice, directions or instructions (given otherwise than in a professional capacity) of a director or manager of the Company and if yes, the particulars of such body (bodies) corporate.
- v. Declaration by the Board of Directors and manager of Coforge whether they are accustomed to act in accordance with the advice, directions or instruction of any person (given otherwise than in a professional capacity) and if yes particular of such persons(s).
- vi. Declaration by the Company Secretary/Chief Financial Officer regarding whether any company is:
 - (a) a holding, subsidiary or an associate company (including a joint venture company) of the Company;
 - (b) a subsidiary of the Company’s holding company; or
 - (c) investor in respect of which the Company is an associate or a joint venture If yes, particulars of relevant companies to be provided.
- vii. Declaration by Company Secretary regarding any individual owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives such individual control or significant influence over the enterprise, and relatives of any such individual and an enterprise over which such individual exercise significant influence

The Company strongly prefers to receive such declarations/ 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. The above declarations shall be collated and maintained by the Company Secretary. Further, the declarations so collated shall be revisited on a quarterly basis to add, remove and modify the name of the identified Related Party.

7. Approval process

7.1 Audit Committee

All Related Party Transactions are pre-approved by the Audit Committee. However, the Audit Committee grants *omnibus approval*¹ for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- i. The Audit Committee shall lay down the criteria for granting the omnibus approval for projected transactions with Related Parties following the principles outlined in the policy on Related Party Transactions and such approval shall be applicable in respect of transactions which are repetitive in nature.
- ii. Every Related Party Transaction [and subsequent Material Modifications] shall be subject to the prior approval of the Audit Committee. [Members of the audit committee, who are independent directors, shall only approve related party transactions].
- iii. [The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.]
- iv. The Finance and Accounts Department/the Legal Department in consultation with the concerned department proposing to obtain omnibus approval, shall provide justification for such approval along with following details:
 - a) the name(s) of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
 - b) the indicative base price / current contracted price and the formula for variation in the price if any, and
 - c) such other details as the Audit Committee may deem fit;
- v. The Audit Committee before granting omnibus approval, shall satisfy itself on the need for such omnibus approval with justification and ensure that such approval is in the best interest of the Company;
- vi. For Related Party Transactions which cannot be foreseen and for which aforesaid details are not available, the Audit Committee grants omnibus approval for such transactions subject to their value not exceeding INR 1 Crore per transaction.
- vii. Audit Committee reviews, on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- viii. Omnibus approvals approved by Audit committee are valid for a period not exceeding one year. Fresh approvals will be granted after the expiry of one year.
- ix. No Audit committee approvals are required for transactions entered into between a holding Company and its wholly owned subsidiary whose accounts are consolidated with such holding Company and placed before the shareholders at the general meeting for approval.
- x. If any additional Related Party Transactions are proposed to be entered into subsequent to the Committee's first meeting in the financial year, management shall present such transactions to the Committee for approval.
- xi. If any material information with respect to such transactions shall change subsequent to the Committee's review of such transactions, management shall provide the Committee with updated information at a subsequent meeting and will get the changes approved afresh by the Committee.

7.2 **Board of Directors**

- i. The Board shall, in respect of all the related party transactions referred to them for approval, understand the reason for the transaction not being in the ordinary course of business and at arm's length price. Where any director is interested in any Related Party Transaction, such director will

¹As amended by Circular No. CIR/CFD/POLICY CELL/7/2014 dt. 15/9/2014 by SEBI.

abstain from discussion and voting on the subject matter of the resolution relating to such Transaction.

Further, all related party transactions [which are not in the ordinary course of business or not at the arm's length price and are] exceeding threshold limits prescribed in the Act shall also require prior approval of shareholders of the Company by way of Ordinary Resolution and [all entities falling under the definition of Related Parties shall not vote to approve the relevant transaction, irrespective of whether the entity is a party to the particular transaction or not.]

- ii. Board's approval is required for the following related party transactions that are not at arm's length and / or in the ordinary course of business and pertains to:
 - 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

7.3 **Shareholders**

- i. The Audit Committee shall report all "Material Related Party Transactions" to the Board of Directors. The Company will seek shareholders' approval for all "material related party transactions" and transactions exceeding the undermentioned thresholds.

[Provided that prior approval of shareholders of the Company shall not be required for RPTs where listed subsidiary is a party but the Company is not a party, if regulation 23 and 15 (2) of SEBI LODR are applicable to such listed subsidiary.]

Provided that the Material Related Transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval shall not require approval of the shareholders.
[Provided that the provisions pertaining to –

- Prior approval of the Audit Committee for all RPTs;
- Omnibus approval for RPTs; and
- Prior approval of shareholders for Material Related Party Transactions and subsequent Material Modifications shall not be applicable when the transactions are entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.]

- ii. Related Parties interested in the contract/arrangement shall abstain from voting on such resolution:

S. No.	Prescribed Transaction Category	Thresholds Companies Act, 2013	Thresholds - SEBI LODR
		(Lower of the two thresholds)	
1	Sale, purchase or supply of any goods or materials (directly or through appointment of agents)	Sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;	Exceeding INR 1,000 crores or 10% of the Annual consolidated Turnover of the company as per the last audited financial statements, whichever is lower
2	Selling or otherwise disposing of, or buying, property of any kind (directly or through appointment of agents)	Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company, as mentioned in clause (b) and clause (e) respectively of subsection (1) of section 188;	
3	Leasing of property of any kind	Leasing of property any kind amounting to ten percent or more of the turnover of the company, as mentioned in clause (c) of sub-section (1) of section 188	
4	Availing or rendering of any services directly or through appointment of agents	Availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188;	
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 as mentioned	
6	Remuneration for underwriting the subscription of any securities or derivatives thereof of the company	Exceeding 1% of the net worth	

Note:

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

7.4 **Related Party Transactions not approved under this Policy**

No related party transactions shall be undertaken unless approved by the Audit Committee/ Board / Shareholders in accordance with this policy. Related party transactions that may not have been planned or contemplated by this policy may be undertaken with specific approval from the Audit Committee. Such transactions should be approved by the relevant authority within 3 months of entering into the transaction otherwise the same shall become void.

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 Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

7.5 **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 would affect the judgement of the directors/Key Management Personnel;
- 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;
- vi. Whether the Related Party Transaction would present an improper conflict of interest for any director, Key Managerial Personnel] or member of senior management 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] , senior manager's relative's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship; and
- vii. Loan to a director and to any other person in whom the director is interested is a prohibited related party transaction unless it is given to a managing or whole-time director as a part of the conditions of service extended by Company to its employees or pursuant to any scheme approved by the members by a special resolution.

8. **Ratification Procedures**

The Finance and Accounts Department, under the supervision of the Chief Financial Officer or any other comparable group/team leader, shall produce semi-annual reports of any amounts paid or payable to, or received or receivable from, any Related Party, and those reports shall be provided to the Secretarial /Legal Department to determine if there are any Related Party Transactions that were not previously approved or previously ratified under this Policy.

In the event the Company becomes aware, as a result of the Finance and Accounts Department reports described above or otherwise, of a Related Party Transaction that has not been previously approved or previously ratified under this policy:

- i. If the transaction is pending or ongoing, it shall be submitted to the Audit Committee promptly, and the Audit Committee shall consider all applicable factors, including, but not limited to, those set forth in policy elsewhere and evaluate all options, including but not limited to ratification, amendment or termination of the Related Party Transaction; and
- ii. If the transaction is completed, the Audit Committee shall evaluate the transaction, taking into account the same factors described above, to determine if rescission of the transaction and/or any disciplinary action is appropriate.

The Committee shall request that the Company evaluate the Company's controls and procedures to ascertain the reason the transaction was not submitted to the Committee for prior approval and whether any changes to these procedures are recommended.

9. Reporting requirements

The reporting requirements with respect to RPTs have increased and Coforge is required to report / disclose RPTs under the 2013 Act, the SEBI LODR Regulations and Ind AS 24. Different disclosure requirements are prescribed under the different frameworks and cover varied level of details including:

Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.

[Material RPTs shall be provided in the notice to shareholders].

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

The Company shall submit [enhanced disclosure of information related to RPTs to be provided to the stock exchanges every six months in the format specified by the SEBI with the following timelines:

- i. within 15 days from the date of publication of financials;
- ii. Simultaneously with the financials w.e.f. April 1, 2023] and also publish the same on its website. o The Company shall disclose policy on dealing with Related Party Transactions on its website and also in the Annual Report.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

10. General Guidelines

Form AOC 2 requires the disclosure of details of material contracts or arrangement or transactions at arm's length basis.

It may be noted that what constitutes a 'material' related party transaction is neither defined under 2013 Act nor under the relevant Rules. As per Accounting Standard 1 (AS 1), financial statements should disclose all "material" items, i.e. items the knowledge of which might influence the decisions of the user of the financial statements. In the absence of any guidance, it seems that the assessment of materiality for AOC 2 could be decided keeping in view the principle of materiality in AS 1.

Alternatively the term 'material' may be construed as per the SEBI LODR Regulations only for the purpose of disclosure in the Board Report with this fact also being disclosed. Apart from the reporting requirements discussed above, the Company may be required to disclose / report related party relationships and transactions

to other stakeholders and authorities like custom authorities, disclosures on Company websites, information memorandum for fund raising etc.

There should be no inconsistency in disclosing particular party as related party across different disclosures made by the Company unless otherwise required under specific laws or regulations. For example, definition of the term related party under the Custom regulations in India could be different from the definition under 2013 Act and the SEBI LODR Regulations.

Accordingly, in such cases, where the Company has adopted different disclosure by virtue of a separate legal regulation, the Company should maintain adequate supporting documentation for such differences. Such documentation should be reviewed and approved by the Company Secretary.

The Company should also consider inserting appropriate disclaimers.

11. Notice to the reader

This policy is framed based on the provisions of AS 18 Related Party Disclosures, the Companies Act 2013 and rules thereunder and the requirements of the SEBI LODR Regulations (and the rules promulgated under each of them) (all of the foregoing, collectively, the “**Applicable Rules**”).

In case of any subsequent changes in the provisions of the Applicable Rules which makes any of the provisions in the policy inconsistent with the any of them, then the provisions of the Applicable Rules 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 Audit Committee and 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. Any changes or modification on the policy would be approved by the Audit Committee and the Board of Directors.

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