

CMS INFO SYSTEMS LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

Original Issue Date:	August 14, 2021
Last Revision Date:	February 5, 2025
Version No.:	3.0

1. PREAMBLE

1.1 The Board of Directors (**the “Board”**) of CMS Info Systems Limited (**the “Company”**) have approved and adopted this Policy on Materiality of Related Party Transactions (**“Policy”**) upon recommendation of the Audit Committee. The Policy, *inter alia*, lays down the framework for governance and reporting of transactions with Related Parties and determination of the materiality threshold for related party transactions in compliance with the requirements of Section 188 of the Companies Act, 2013 including the Rules made thereunder (**“the Act”**), regulation 23 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**“Listing Regulations”**). Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

1.2 This Policy provides a framework for governance and reporting of Related Party Transactions including material transactions and shall apply to:

- 1.2.1 transactions 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.
- 1.2.2 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.

2. OBJECTIVE

2.1 This Policy is intended as follows:

- A. To ensure due and timely identification, approval, disclosure and reporting of all Related Party Transactions in compliance with the applicable laws and regulations as may be amended from time to time;
- B. To ensure high standards of Governance while dealing with related parties and ensuring transparency in the conduct of Related Party Transactions in the best

interest of the Company and its shareholders and, also to comply with the statutory provisions in this regard.

3. DEFINITIONS

3.1 **“Audit Committee” or “Committee”** means the Committee of the Board constituted from time to time under the provisions of Regulation 18 of the Listing Regulations and Section 177 of the Act.

3.2 **Arm’s Length Basis:** Terms of a contract/ arrangement with a related party shall be treated as on ‘Arm’s Length Basis’ if the commercial and key terms are comparable and are not materially different with similar transactions with non-related parties considering all the aspects of the transactions such as quality, realizations, other terms of the contract, etc. In case of contracts with related parties for specified period / quantity / services, it is possible that the terms of one off comparable transaction with an unrelated party are at variance, during the validity of contract with related party. In case the Company is not doing similar transactions with any other non- related party, terms for similar transactions between other non-related parties of similar standing can be considered to establish ‘arm’s length basis’. Other methods prescribed for this purpose under any law can also be considered for establishing this principle.

3.3 **“Board”** means the Board of Directors of the Company as defined under the Act.

3.4 **“Key Managerial Personnel”** means Key Managerial Personnel as defined under Section 2(51) of the Act and the Listing Regulations.

3.5 **“Material Related Party Transaction”** means a Related Party Transaction which, individually or taken together with previous transactions during the financial year, exceeds ₹ 1000 Crores 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, or such other limits as may be prescribed either under the Act or the Listing Regulations, whichever is stricter.

Notwithstanding the 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 5 (five) percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

3.6 **“Material Modifications”** means and includes any modification to an existing related party transaction having a variance of 20% of the existing limit as sanctioned by the Audit Committee / Board of Directors / Shareholders of the Company.

- 3.7 **“Ordinary Course of Business”** means regular, day-to-day activities and operations that a company undertakes to generate profits and sustain its business and shall include but not be limited to activities that are necessary, normal and incidental to the business. These encompasses all routine transactions, practices, and procedures that are typical and necessary for the business to function and achieve its objectives without significant deviation or extraordinary measures. The following factors are indicative of a transaction being in the ordinary course of business:
- i. The transaction is normal or otherwise unremarkable for the business.
 - ii. The transaction is frequent/regular.

These are not exhaustive criteria, and each transaction may be accessed considering its specific nature and circumstances.

- 3.8 **“Related Party”** means a related party as defined under section 2(76) of the Act read with Regulation 2(zb) of the Listing Regulations and the applicable Indian Accounting Standards, as amended from time to time.
- 3.9 **“Related Party Transaction”** or **“RPT”** means a transaction involving a transfer of resources, services or obligations between parties as defined under regulation 2(zc) of the Listing Regulations and shall exclude transactions which are specifically excluded thereunder.
- 3.10 **“Relative”** means a relative as defined under section 2 (77) of the Act and the rules made thereunder. Provided that this definition shall not be applicable for the units issued by mutual fund which are listed on a recognised stock exchange(s);
- 3.11 **“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions pursuant to the same contract or arrangement.
- 3.12 The terms Director and Key Managerial Personnel shall have the same meaning as assigned under the Act and Listing Regulations.
- 3.13 Any other term not defined herein shall have the same meaning as defined in the Act including the Rules made thereunder, the Listing Obligations Regulations (including amendments thereof), Indian Accounting Standards; and or any other applicable statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

4. POLICY

- 4.1 The Audit Committee shall review and approve all Related Party Transactions and any subsequent material modification(s) to the same, based on this Policy.

Provided that only those members of the Audit Committee, who are independent directors

and are not deemed to be interested in the proposed contract/ transaction, shall approve related party transactions.

4.2 All proposed Related Party Transactions must be reported to the Audit Committee for its prior approval in accordance with this Policy. In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre -approval/ omnibus approval, details whereof are given in a separate section of this Policy.

4.3 In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.

5. IDENTIFICATION OF RELATED PARTY TRANSACTIONS:

5.1 Every Director and Key Managerial Personnel will be responsible for providing a declaration in the format as per **Annexure** containing the following information to the Company Secretary on an annual basis:

- A. Names of his / her Relatives;
- B. Partnership firms in which he / she or his / her Relative is a partner;
- C. Private Companies in which he / she is a member or Director;
- D. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
- E. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
- F. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

5.2 Every Director and Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes.

5.3 The Company Secretary / Compliance Officer/ Chief Financial Officer shall be responsible to maintain an updated database of information pertaining to Related Parties reflecting details of –

- A. All Directors and Key Managerial Personnel;
- B. All individuals, partnership firms, companies and other persons as declared and updated by Directors and Key Managerial Personnel;
- C. Company's holding company, subsidiary companies and associate companies;
- D. Subsidiaries of holding company, if any;
- E. Director or Key Managerial Personnel of the holding company, if any and their Relatives;

- F. All group entities; and
 - G. Any other entity which is a Related Party as defined under Section 2(76) of the Companies Act, 2013 read with Listing Obligation or the relevant Accounting Standard.
- 5.4 The database shall be updated whenever necessary and shall be reviewed at least once a year by the Company Secretary / Compliance Officer in collaboration with the functional / business heads / Chief Financial Officer / Company Secretary.
- 5.5 Every Director, Key Managerial Personnel, Functional / Business heads / Chief Financial Officer will be responsible for providing prior notice to the Company Secretary of any proposed Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Board / Committee may request, for being placed before the Committee and the Board.
- 5.6 The Company Secretary / Compliance Officer in consultation with the Chief Financial Officer may refer any proposed related party transaction to any external legal/transfer pricing expert for determining the compliance obligations of the Company in respect of the same. Based on such Opinion, the Company Secretary / Compliance Officer will seek necessary approvals under this Policy.
- 6. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION**
- 6.1 All Related Party Transactions and any subsequent Material Modification(s) shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode. Where any member is interested in any contract or arrangement with a related party, such member shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement irrespective of whether the entity is a party to the particular transaction or not and shall not be counted in determining the presence of a quorum when such transaction is considered. Further, only those members of the Audit Committee, who are Independent directors, shall approve related party transactions.
- 6.2 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 of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the *annual standalone turnover*, as per the last audited financial statements of the concerned Subsidiary.
- 6.3 Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.

6.4 The Company shall provide the following information, for review of the audit committee and the Board for approval of a proposed Related party Transaction:

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - i. details of the source of funds in connection with the proposed transaction;
 - ii. where any financial indebtedness is incurred to make or give loans, intercorporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g. Justification as to why the RPT is in the interest of the listed entity;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- j. Such other information as may be prescribed under any applicable legislation or as may be relevant

6.5 The audit committee shall also review the status of long-term (more than one year) or recurring RPTs at least on an annual basis.

7. CONSIDERATION BY THE COMMITTEE IN APPROVING THE PROPOSED TRANSACTIONS

7.1 While considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

7.2 Prior to the approval, the Committee shall, *inter-alia*, consider the following factors to the extent relevant to the transaction:

- A. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- B. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- C. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- D. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.

7.3 While considering the arm's length nature of the transaction, the Committee shall also take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee may take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

8. APPROVAL BY THE BOARD

8.1 If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances. Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

9. STANDING PRE-APPROVAL / OMNIBUS APPROVAL BY THE COMMITTEE

9.1 The Audit Committee may give omnibus approval for related party transactions proposed to be entered into by the company and/ or its subsidiary, subject to the following conditions:

The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval which shall include the following, namely:-

(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.

9.2 While granting the approval, the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:

- A. Name of the related party;
- B. Nature of the transaction;
- C. Period of the transaction;
- D. Maximum amount of the transactions that can be entered into;
- E. Indicative base price / current contracted price and formula for variation in price, if any; and
- F. Such other conditions as the Audit Committee may deem fit.

9.3 Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed material variations / amendments to these factors shall require a prior approval of the Committee. The Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given, if any.

9.4 Further, where the need of the related party transaction cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the value per transaction not exceeding ₹ 1 Crore (Rupees one Crore only). The details of such transaction shall be reported at the next meeting of the Audit Committee for ratification. Further, the Committee shall on an annual basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy.

9.5 The 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.

10. APPROVAL BY CIRCULAR RESOLUTION

- 10.1 In the event the Company Management determines that it is impractical or undesirable to wait until a meeting of the Committee to enter into a Related Party Transaction, such Related Party transactions, which are in the Ordinary Course of Business and all the terms and conditions of which are on arms-length basis, may be approved by the Committee and/or the Board by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be placed before by the Committee/ Board for noting at its next scheduled meeting.

11. APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS

- 11.1 All Material Related Party Transactions shall require prior approval of the shareholders through resolution and no Related Parties shall vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not. For related party transactions of unlisted subsidiaries of the Company, the prior approval of the shareholders of the Company shall suffice.

Provided that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- 11.2 The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:
- a. A summary of the information provided by the management to the audit committee as specified hereinabove;
 - b. Justification for why the proposed transaction is in the interest of the Company;
 - c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under point 6 (4)(f) hereinabove;
 - d. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
 - e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
 - f. Such other information as may be prescribed under any applicable legislation or as may be relevant

12. TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL

12.1 Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:

- a) Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- b) 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 general meeting for approval.
- c) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.
- d) Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the Audit Committee provided that the same is not material in terms of the provisions of sub-regulation (1) of regulation 23 of the Listing Regulations and this Policy.

13. TRANSACTIONS NOT IN THE ORDINARY COURSE OF BUSINESS OR NOT AT ARM'S LENGTH

13.1 All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, or which are not in the Ordinary Course of Business or not at Arms' Length shall also require the prior approval of the shareholders through special resolution and no Related Party shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

14. RATIFICATION OF RELATED PARTY TRANSACTION

14.1 In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

14.2 The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee may deem appropriate under the circumstances.

- 14.3 Notwithstanding anything stated above, 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 the following conditions:
- a. 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 or such other amount as may be permitted under the Listing Regulations;
 - b. the transaction is not material in terms of the provisions of regulation 23 (1) of the SEBI (LODR) Regulations, 2015 (as amended) and / or this Policy.
 - c. rationale for inability to seek prior approval for the transaction shall be placed before the Audit committee at the time of seeking ratification;
 - d. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of regulation 23 (9) of the SEBI (LODR) Regulations, 2015, as amended;
 - e. any other condition as may be specified by the audit committee, from time to time, if any.

Provided that 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 listed entity against any loss incurred by it.

15. DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

- 15.1 Every Related Party Transaction entered into by the Company which are not in the ordinary course of business or on arm's length basis, shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction. The Chief Financial Officer shall be, responsible for such disclosure. The Company Secretary / Compliance Officer shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.
- 15.2 The Company entity shall submit to the stock exchanges disclosures of related party transactions in the format as specified by SEBI from time to time, and publish the same on its website at such intervals and within such period of time as may be prescribed from time to time.

Provided that the remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure under this Policy, provided that the same is not material in terms of the provisions of sub-regulation (1) of regulation 23 of the Listing Regulations and/ or this Policy.

16. LIMITATION

16.1 In the event of any conflict between the provisions of this Policy and of the Listing Regulations /Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

17. DISSEMINATION OF POLICY

17.1 Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the intranet and website of the Company and web link thereto shall be provided in the annual report of the Company.

18. REVIEW OF POLICY

18.1 The Board of Directors of the Company shall review and update the Policy once in every three years or within such period as mandated by any regulatory amendments.

19. AMENDMENTS

19.1 The Board of Directors may subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with new provision(s) or replace the Policy entirely with a new Policy. The Policy is subject to review from time to time. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force.

19.2 Any subsequent amendment / modification in the Listing Regulations, Act, Indian Accounting Standards and/or applicable laws in this regard shall automatically apply to this Policy.

This policy was first adopted by the Board of Directors of the Company at its meeting held on 14th day of August 2021 and was further revised and approved on 4th day of February, 2022 and on 5th day of February 2025.

For **CMS Info Systems Limited**

Sd/-
Debashis Dey
Company Secretary

Place: Mumbai

Date: 5th February 2025

NOTICE OF INTEREST BY DIRECTOR / KEY MANAGERIAL PERSONNEL

To,
 The Company Secretary/Compliance Officer
CMS Info Systems Limited
 T-151, 5th Floor, Tower No.10, Sector-11,
 Railway Station Complex,
 CBD Belapur, Navi Mumbai- 400 614

Dear Sir,

A. I,, son/ daughter/ spouse of, resident of, holding Shares (equity or preference) of ₹10/- each (..... percent of the paid- up capital) in the Company in my name, being a in the Company, hereby give notice that I am interested directly/through my Relatives (Schedule) in the following company or companies, body corporate, firms or other association of individuals:

Sr. No.	Name of the Companies/Bodies Corporate/Firms/ Association of Individuals	Nature of Interest or concern / Change in Interest or Concern	Shareholding (No. & %)	Date on which Interest or Concern arose/changed

B. The Following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions:

Sr. No.	Name of the Body Corporate

C. I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity):

Sr. No.	Name of person	Relation

D. List of relatives

Relationship	Full Name	Address	Shareholding in the Company
1. Spouse			
2. Father (including Step Father)			
3. Son (including Step-son)			
4. Daughter			
5. Daughter's Husband			
6. Brother (Including Step Brother)			
7. Sister (Including Step Sister)			
8. Mother (including Step Mother)			
9. Son's Wife			
10. Members of HUF			

Signature:

Name:

Designation:

Place:

Date: