



HINDUJA GLOBAL SOLUTIONS LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. Introduction

This policy was framed by Hinduja Global Solutions Limited (“the Company”), pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that came into force from December 1, 2015, in substitution of earlier Policy framed pursuant to Clause 49 of the erstwhile Listing Agreement.

Further on May 9, 2018, SEBI notified SEBI (Listing Obligations and Disclosure Requirements Regulations), (Amendment) Regulations, 2018, effective from April 1, 2019 and subsequently on November 9, 2021, notified SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, effective from April 1, 2022 or such date as specified in respective provisions of the regulation (“Amended Regulations”).

This Policy is modified by the Company pursuant to the above Amended Regulations.

2. Key Definitions

- a) **“Act”** means Companies Act, 2013 including any statutory modification or re-enactment thereof;
- 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.
- c) **“Audit Committee”** means the Committee of the Board formed under Section 177 of the Act and Regulation 18 of SEBI Regulations, 2015.
- d) **“Board”** means Board of Directors of the Company.
- e) **“Company”** or **“HGS”** means Hinduja Global Solutions Limited.
- f) **“Material Related Party Transaction”** means a material transaction as defined in Regulation 23 of SEBI Listing Regulations, 2015 or any other law or regulation including any amendment or modification thereof, as may be applicable.
- g) **“Material Modification”** in relation to the Related Party Transaction (RPT) in the opinion of the Audit Committee means any modification in the existing terms and conditions of the ongoing RPT, as originally approved by the Audit Committee and/or shareholders having impact on the nature, value, tenure, exposure or likely financial impact of such a transaction. The following will not be considered as material modifications:
 - 1. Modification which may be mandated pursuant to change in law.
 - 2. Modifications pursuant to and in accordance with the terms of the approved transaction/contract.
 - 3. Modifications resulting from change in constitution of either of the parties pursuant to schemes of arrangement / restructuring / reorganisation viz. merger, amalgamation, demerger, capital reduction etc.

- h) **“SEBI Regulations”** means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modification or re-enactment thereof.
- i) **“Related Party”** means a person or an entity where:
- (i) Such entity is a related party as defined under section 2(76) of the Companies Act, 2013; or
 - (ii) Such entity is a related party under the applicable accounting standards.
- “Provided that:
- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
 - (b) any person or any entity, holding equity shares of twenty per cent or more* in the listed entity 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; shall be deemed to be a related party.”
- *Effective April 1, 2023, the threshold limit for point (b) would be 10% or more’.
- j) **“Related Party Transactions (RPT)”** means a transaction involving a transfer of resources, services or obligations between
- (i) HGS or any of its subsidiaries on one hand and a related party of HGS or any of its subsidiaries on the other hand; or
 - (ii) HGS 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 HGS or any of its subsidiaries, with effect from April 1, 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.

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 HGS 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.

The arrangement in terms of approval of the Regulatory Bodies, Court, Tribunal shall also not constitute related party transactions.

3. Interpretation

For the purpose of this Policy, the terms shall have the same meanings as assigned in the relevant Act, Rule, Regulation or Standard as the case may be.

In any circumstance where 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 these policies and procedures until such time as this policy is changed to conform to the law, rule, regulation or standard.

4. Transactions between Company and Related Parties, Materiality Threshold

Transactions between Company & Related Parties shall be entered into in a manner that is compliant with the applicable provision of the Companies Act, 2013 and of Regulation 23 of the SEBI Regulations.

A transaction with a Related Party shall be treated as “material” if the transaction/ transactions to be entered into individually or taken together with the previous transaction(s) or accumulated outstanding amount during a financial year with such related party exceeds Rs. 1000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower, or such sum as may be prescribed under SEBI Regulations.

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 five percent or such percentage as may be prescribed by SEBI, from time to time, of the annual consolidated turnover of the Company as per last audited financial statements of the Company.

5. Internal processes in regard to Related Party Transactions

The Company shall with the approval of the Audit Committee and the Board of Directors, establish appropriate internal processes for the purpose of identification of Related Parties and any transactions with them, determination of whether the transaction(s) is in the ordinary course of business, whether the transaction(s) is on an arm's length basis, monitoring “materiality” threshold, and other relevant matters to ensure adherence to this policy in entering into transactions with Related Parties.

6. Approval of RPTs

(i) Approval of the Audit Committee

All RPTs and subsequent material modifications in such RPTs, shall require prior approval of the Audit Committee. Independent Directors who are members of the audit committee, shall only approve related party transactions.

A Related Party Transaction to which the subsidiary of a 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 10% (ten percent) of the annual consolidated turnover, as per the last audited financial statements of the Company.

With effect from April 1, 2023, a Related Party Transaction to which the subsidiary of a 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 10% (ten percent) of the annual standalone turnover, as per the last audited financial statements of the Company.

However, the Company can obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the Act and SEBI Regulations, as applicable.

(ii) Approval of the Board of Directors of the Company

- a. As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said section and which are not in the ordinary course of business or not at arm's length basis or both, are placed before the Board for its approval.
- b. In addition to the above, the following kinds of transactions with related parties are also to be placed before the Board for its approval:
 - RPTs in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval with reasons;
 - RPTs which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view require Board approval.
 - RPTs which are intended to be placed before the shareholders for approval.

(iii) Approval of the Shareholders of the Company

All Related Party Transactions in excess of the limits prescribed under the Act, and the SEBI Regulations, as may be applicable, which are not in the ordinary course of business or not an Arms' length transaction as well as the material RPTs and subsequent material modifications of RPTs shall require the prior approval of the shareholders through a resolution and no Related Party of the Company shall vote on such resolution, whether the entity is a related party to the particular transaction or not.

(iv) RPTs that shall not require approval of Audit Committee and Shareholders

- i. As per Listing Regulations, prior approval of the Audit Committee for all RPTs (including Material Modifications) and approval of shareholders for Material RPTs (including Material Modifications) would not be required for RPT entered between-
 - HGS with its Wholly Owned Subsidiaries, whose accounts are consolidated with the accounts of HGS and placed before the shareholders of HGS at the general meeting for approval.
 - Two wholly-owned subsidiaries of the company, whose accounts are consolidated with company and placed before the shareholders at the general meeting for approval.

- ii. As per the Act, prior approval of the Audit Committee for all RPTs other than transactions referred to in section 188 of the Act would not be required; and approval of Shareholders would not be required for RPTs referred to in section 188 of the Act which are not in the ordinary course of business and / or not on Arms' length basis and which crosses the threshold limits prescribed under the Act and rules made thereunder, entered by HGS with its Wholly Owned Subsidiaries, whose accounts are consolidated with the accounts of HGS and placed before the shareholders of HGS at the general meeting for approval.
- iii. No Related Party shall vote to approve such resolution whether the entity is Related Party to the particular transaction or not.

7. Reporting and Disclosure(s)

HGS shall submit to the stock exchanges disclosures of RPT in the format as specified by the SEBI from time to time, every six months within thirty (30) days from the date of publication of its standalone and consolidated financial results and publish the same on its website.

8. Amendment

Any amendment made in the Act, rules made thereunder or SEBI Regulations and any other law for the time being in force relating to related party transactions shall apply mutatis mutandis to this Policy. The Board reserves its right to amend or modify this policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification shall be inconsistent with the applicable provision of the SEBI Regulations, Act or any law for the time being in force.

The Board of Directors of the Company has adopted this Policy and would review the Policy at least once every three years and update accordingly.

9. Effective date

The Revised Policy on RPT shall be effective from April 1, 2022.
