

**RELATED PARTY TRANSACTION POLICY**  
**OF**  
**TAC INFOSEC LIMITED**

**1. Preamble**

The Board of Directors (the “Board”) of TAC Infosec Limited (the “Company”) adopts the following policy and procedures with regard to Related Party Transactions (RPTs) as defined below in compliance with the requirements of Section 188 of the Companies Act 2013 and Rules made there under including any subsequent amendments thereto (the “Act”) and Regulation 23 of SEBI (LODR) Regulations, 2015, as may be amended from time to time, in order to ensure the transparency and procedural fairness of such transactions.

The Audit Committee will review and may amend this policy from time to time. This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable on the Company.

**2. Scope and purpose of the Policy**

TAC Infosec Limited (“TAC” or “Company”) is governed, amongst others, by the rules and regulations framed by Securities and Exchange Board of India (“SEBI”). SEBI has mandated every listed company to formulate a policy on materiality of Related Party Transactions (“RPT”) and also on dealing with Related Party Transactions.

- i. Accordingly, the Company has formulated this policy (Policy) on materiality of Related Party Transactions and on dealing with Related Party Transactions. This Policy regulates all transactions between the Company and its Related Parties.
- ii. The Board of Directors of the Company (“Board”) on recommendation of the Audit Committee of the Company (“Audit Committee”) shall review the Policy once in three years and may amend the same from time to time.

**3. Definitions**

- i. “Act” shall mean the Companies Act, 2013 and includes any amendment thereof.

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- ii. **“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.
- iii. **“Audit Committee or Committee”** means “Audit Committee” constituted by the Board of Directors of the Company under provisions of SEBI LODR and Companies Act, 2013 as amended from time to time.
- iv. **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- v. **“Material Related Party Transaction”** in terms of SEBI LODR means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year:
  - a) In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements;
  - b) In case of any other transaction(s), if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.
- vi. **“Material modification”** means any subsequent change to an existing RPT, having variance of 20% of the existing limit or Rs.10 crores whichever is lower.
- vii. **“Ordinary course of business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association.
- viii. **“Related Party”** means a related party as defined under sub-section (76) of section 2 of the Act or under the applicable accounting standards:

Provided that:

- a) any person or entity forming part of the promoter or promoter group of the listed entity; or

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- b) any person or any entity, holding equity shares:
- of twenty per cent or more; or
  - of ten per cent or more, with effect from April 1, 2023;
- in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Act, at any time, during the immediate preceding financial year;
- shall be deemed to be a related party.
- ix. “Related Party Transaction (RPT)”** shall have the same meaning as specified under the Act and Rules made thereunder and Regulation 2(1)(zc) of the SEBI LODR, as amended and shall mean a transaction involving a transfer of resources, services or obligations between:
- a. the Company or any of its subsidiaries on the one hand and a related party of the Company or any of its subsidiaries on the other hand;
  - b. the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company 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.
- Following shall not be considered RPTs of the Company in terms of SEBI LODR:
- 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. payment of dividend by the Company;
  - c. subdivision or consolidation of securities by the Company;
  - d. issuance of securities by way of a rights issue or a bonus issue and
  - e. buy-back of securities.
- x. “Relative”** means relative as defined under sub-section (77) of section 2 of the Act.
- xi. “Subsidiary Company”** means a subsidiary as defined under subsection (87) of section 2 of the Companies Act, 2013

The terms used in this Policy unless defined, wherever context so require, shall have the same meaning as prescribed under the Companies Act, 2013 and Regulation 23 of SEBI (LODR) Regulations, 2015.

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#### **4. Identification of Related Parties and the Related Party Transactions**

- i. Every promoter, director and Key Managerial Personnel (KMP) of the Company and its subsidiaries/ Joint venture shall,
  - a. at the time of appointment;
  - b. periodically – as required by the Company; and
  - c. whenever there is any change in the information already submitted,

provide requisite information about his/her Relatives and all firms, entities, body corporates, in which such promoter, director or KMP is interested, whether directly or indirectly, to the Company or the subsidiary/ Joint venture (as the case may be).

Every such promoter, director and KMP shall also provide any additional information about the transaction, that the Board /Audit Committee may reasonably request.

#### **5. Procedure for approval of Related Party transactions**

##### **A. Audit Committee**

- a) All the transactions which are identified as Related Party Transactions and subsequent modifications thereof, shall be approved by the Audit Committee in the manner specified under the Listing Regulations. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.
- b) Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. A Related Party Transaction which is
  - (i) not in the ordinary course of business, or
  - (ii) not at arm's length price, would require approval of the Board or of shareholders, as detailed in subsequent paragraphs.
- c) The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23(3) of the Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

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- d) The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions and material modifications thereof, entered into by the Company pursuant to the omnibus approval. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.
- e) A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.
- f) The Audit Committee shall also pre-approve related party transactions, where the Company is not a party, but the Company's subsidiary is a party, if the value crosses the thresholds as prescribed under the Listing Regulations.

## **B. Board of Directors**

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section, which are not in the ordinary course of business or not at arm's length basis, are required to be placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval, already mentioned above:

- a. Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) would require Board approval in addition to Audit Committee approval;
- b. Transactions 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;
- c. Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval;
- d. Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval.



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### C. Shareholders

If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, then such RPT and any subsequent material modification thereto, shall require shareholders' approval by a resolution.

In such a case, any member of the Company who is a Related Party, irrespective of being related to the said transaction or not, shall not vote on resolution passed for approving such Related Party Transaction.

The following information shall be provided to the shareholders while seeking their approval for RPTs:

- i) A summary of the information provided by the management of the Company to the audit committee;
- ii) Reasons/justification for why the proposed transaction is in the interest of the Company;
- iii) Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the details specified under:
  - a. details of the source of funds in connection with the proposed transaction;
  - b. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
    - nature of indebtedness;
    - cost of funds; and
    - tenure;
  - c. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
  - d. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- iv) A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- v) Any other relevant information or such information as may be prescribed under SEBI LODR.

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6. The provisions of regulation 23(2), (3) and (4) shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary and between two wholly-owned subsidiaries, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

7. In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the Company would obtain post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/ regulations. In case the Company is not able to take such prior approval from the Audit Committee, the Board and/or shareholders, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

**8. Reporting of Related Party Transactions**

a) Every contract or arrangement, which is required to be approved by the Board or the 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.

b) The details of all transactions with related parties shall be submitted, in the format specified, half yearly to the stock exchanges, as per the manner and timelines set-out in the Listing Regulations and the same shall be published on the Company's website.

**9. Limitation and Amendment**

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

**10. Disclosure of the Policy**

This Policy will be uploaded on the website of the Company.

**Approved on 12<sup>th</sup> January 2024**

**Chairman**

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