

## **SOFTVAN LIMITED**

### **POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS**

#### 1. Purpose of this policy:

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (“SEBI Listing Regulations”) and as amended from time to time, Softvan Limited (“SL” or “the Company”) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Regulation 23(1) of the SEBI Listing Regulations requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions.

Accordingly, Softvan Limited has framed this Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company as on 30<sup>th</sup> March, 2025 and shall be Effective from the date of listing on stock exchange. Going forward, the Audit Committee would review and amend the Policy as and when required and at least once every three years, subject to the approval of the Board.

In case of any inconsistency in the policy and the SEBI Listing Regulations as may be amended from time to time, the provisions of the SEBI Listing Regulations would prevail.

#### 2. A. Definitions

a. “Arm’s Length Transaction” means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

b. Ordinary Course of Business (“OCB”)” means a transaction which/wherein:

- is carried out in the normal course of business envisaged in accordance with the Memorandum of Association (“MoA”) of the Company as amended from time to time, or
- is as per historical or commercial practice with a pattern of frequency, or
- is in connection with the normal business carried on by the Company, or
- the income, if any, earned from such activity/transaction is assessed as business income in the Company’s books of accounts and hence is a business activity.

c. “Related Party” shall have the same meaning as defined under Section 2(76) of the Act and Regulation 2(1) (zb) of the SEBI Listing Regulations.

d. "Related Party Transactions" shall have the meaning as defined under Regulation 2(1) (zc)

of the SEBI Listing Regulations or as envisaged in Section 188(1) of the Act; and

e. "Transaction" shall be construed to include single transaction or a group of transactions in a contract.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.

## 2. B Determination of Materiality with respect to Related Party Transactions:

Regulation 23 of the SEBI Listing Regulations requires the Company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of a resolution.

Softvan Limited has fixed its materiality thresholds at the level prescribed under explanation to Regulation 23(1) of the SEBI Listing Regulations as under:

a. In case of any Transaction with a Related Party shall be considered material, if the amount during a financial year exceeds ten percent (10%) of the annual consolidated turnover of the Company as per last audited financial statements of the Company.

b. In case of Transaction involving payments made to a Related Party with respect to brand usage or royalty, if during the financial year it exceeds five percent (5%) of the annual consolidated turnover of the Company as per its last audited financial statements.

## 3. Review and approval of Related Party Transaction

### Approval of Related Party Transactions

#### A. Audit Committee

3. A.1. All the transactions which are identified as Related Party Transactions should be pre- approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.

3. A.2. Any member of the Audit Committee who has a potential interest in any Related Party Transaction will 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 discussed subsequently.

3. A.3. 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.

3. A.4. The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions 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.

3. A.5. 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.

#### B. Board of Directors

3. B.1. In case any Related Party Transactions are referred by the Company 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, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

#### C. Shareholders

3. C.1. 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, it shall require shareholders' approval by a special resolution. In such a case, any member of the Company who is a Related Party, shall not vote on resolution passed for approving such Related Party Transaction.

#### D. Exemptions

As per Regulation 23(5) of the SEBI Listing Regulations, obtaining prior approval/Omnibus approval of the Audit Committee, Board and also the approval from shareholders of the company shall not be required for transaction entered into with the subsidiaries whose accounts are consolidated with the accounts and placed before the shareholders at the General Meeting for approval.

#### E. Ratification of the Related Party Transaction

Where any contract or arrangement is entered into by a Director or employee of the Company with Related Party without obtaining the consent of the Board or approval of Shareholders, and if the same is not ratified by the Board or Shareholders as the case may be within 3 (three)

months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, at the option of the Shareholders.

#### F. Reporting of Related Party Transactions

3. F.1. The Company is required to disclose in its Annual Financial Statements and Directors' Report, certain transactions between the Company and Related Parties as well as Policy relating thereto. The Policy shall also be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

3. F.2. Upon listing, the Company shall submit within 30 days from the date of publication of its financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

#### 4. Limitation and Amendment

In the event of any conflict between the provisions of this Policy and of the Act or SEBI 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.

#### 5. Review of the Policy

The Board of Directors of the Company ("Board") on recommendation of the Audit Committee shall review the Policy once in three years and may amend the same from time to time.