

Policy for dealing with Related Party Transactions

Version: 2.0

POLICY FOR DEALING WITH RELATED PARTY TRANSACTIONS

1. Introduction

The Board of Directors of OnMobile Global Limited ('the Company') has adopted the following policy and procedures with regard to related party transactions as defined below. The Audit Committee will review and may amend this policy from time to time.

This policy is applicable to the Company effective October 1, 2014. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company.

2. Objective

This policy shall be in compliance of Listing Agreement entered by the Company with the Stock Exchanges and primarily intended to ensure the governance and reporting of transactions between the Company and its Related Parties.

3. Definitions

"Listing Regulations" means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

"Audit Committee or Committee" means **"Audit Committee"** constituted by the Board of Directors of the Company under provisions of Listing agreement and Companies Act, 2013, from time to time.

"Board" means the Board of Directors of the Company, as constituted from time to time.

"Control" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

"Key Managerial Personnel" means key managerial personnel (KMP) as defined under the Companies Act, 2013 and includes

- (i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer

"Material Related Party Transaction" means a transaction with a related party if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10 percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

"Policy" means related party transaction policy.

"Related Parties" shall have the same meaning as assigned to it in the Companies Act, 2013 and Regulation 2 of the Listing Regulations, as amended from time to time.

“**Related Party Transaction**” means transaction in the nature of contract involving transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

Explanation:

For the purpose of Regulation 23 of the Listing Regulations, an entity shall be considered as related to the company if:

- a. such entity is a related party under Section 2(76) of the Companies Act, 2013, which are as follows:
 - i. a director or his relative;
 - ii. a key managerial personnel or his relative;
 - iii. a firm, in which a director, manager or his relative is a partner;
 - iv. a private company in which a director or manager is a member or director;
 - v. a public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital;
 - vi. any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
 - vii. any person on whose advice, directions or instructions a director or manager is accustomed to act:
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
 - viii. any company which is—
 - a) a holding, subsidiary or an associate company of such company; or
 - b) a subsidiary of a holding company to which it is also a subsidiary;
 - ix. Such other persons as may be prescribed (i.e Director or Key Managerial Personnel of the holding company or his relative, shall be deemed to be related party.)
- b. such entity is a related party under the applicable accounting standards.

“**Relative**” with reference to any person, means anyone who is related to another, if—

- i. they are members of a Hindu Undivided Family;
- ii. they are husband and wife; or
- iii. one person is related to the other in such manner as may be prescribed, which is as follows:
 - a) Father (including step-father)
 - b) Mother (including step-mother)
 - c) Son (including step-son)
 - d) Son’s wife
 - e) Daughter
 - f) Daughter’s husband
 - g) Brother (including step-brother)
 - h) Sister (including step-sister)

4. Policy

All Related Party Transactions must be reported to the Audit Committee for its approval in accordance with this Policy.

4.1 Identification of Potential Related Party Transactions

Each director and Key Managerial Personnel is responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his / her relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company prefers to receive such notice of any potential Related Party Transaction well in advance so that the Board/Audit Committee has adequate time to obtain and review information about the proposed transaction.

4.2 Review and Approval of Related Party Transactions [ref: Regulation 23(3) of Listing Regulations]

All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions.

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- c. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

- d. Audit 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.
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, 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. The information provided shall specifically cover the following:

- i. the name of the related party and nature of relationship;
- ii. the nature, duration of the contract and particulars of the contract or arrangement;
- iii. the material terms of the contract or arrangement including the value, if any;
- iv. any advance paid or received for the contract or arrangement, if any;
- v. the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- vi. whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors;
- vii. the persons/authority approving the transaction; and

- viii. any other information relevant or important for the Committee to take a decision on the proposed transaction.

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- i. Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- ii. Whether there are any undue compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- iii. Whether the Related Party Transaction would affect the independence of the directors/KMP;
- iv. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- 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; and
- vi. Whether the Related Party transaction would present an improper 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, Executive Officer or other Related Party, the direct or indirect nature of the director's, 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 Board/Committee deems relevant.

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.

4.3 Approval of shareholders through special resolution [ref: Regulation 23(4) of Listing Regulations]

All the Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolutions.

4.4 Exceptions to para 4.2 and 4.3 [ref: Regulation 23(5) of Listing Regulations]

The sub-regulation 23 (3) and (4) of the Listing Regulations (para 4.2 and 4.3 above) shall not be applicable in case the 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.

Explanation: For the purpose of Regulation 23 of the Listing Regulations, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not

All the Transactions, other than the Material Related Party Transaction, with the related parties which are not in the Ordinary Course of Business and which are not at Arms' Length Basis shall also require



the approval of the shareholders through special resolution.[ref: third proviso to Section 188 of the Companies Act, 2013]

5. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The 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 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.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

This Policy will be communicated to all concerned persons of the Company and shall be placed on the website of the Company at www.onmobile.com.
