

**CEREBRA INTEGRATED TECHNOLOGIES LIMITED  
BANGALORE**

**POLICY ON RELATED PARTY TRANSACTIONS**

**1. REGULATORY FRAMEWORK**

- a. This Policy (“Policy”) of Cerebra Integrated Technologies Limited (“Company”) has been prepared and adopted in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”) (as amended) and the Companies Act, 2013 (“Act”) (as amendment) along with circulars issued thereunder, including any statutory modifications or re-enactments thereof for the time being in force.
- b. Regulation 23 of SEBI LODR requires the Company to formulate a Policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the Board of Directors.
- c. The Board of Directors shall review the Policy once in every three years and update the same from time to time and as may be deemed necessary.

**2. OBJECTIVES OF THIS POLICY**

To ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders.

**3. DEFINITIONS**

- a. **“Audit Committee”** means a Committee of the Board of Directors of the Company constituted under the provisions of Regulation 18 of SEBI LODR and Section 177 of the Act and other applicable rules thereunder.
- b. **“Associate Company”**, in relation to another Company, means a Company in which that other Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a Joint Venture Company.

- c. **Board of Directors**” in relation to a Company means the collective body of the Directors of the Company constituted in accordance with the provisions of SEBI LODR and the Act.

Explanation – for the purpose of this clause:

- i) “Significant Influence” means control of at least twenty percent (20%) of total voting power, or control of or participation in business decisions under an agreement;
  - ii) “Joint Venture” means a joint arrangement whereby the parties that have joint control of arrangement have rights to the net assets of the arrangement.
- d. **“Key Managerial Personnel”** in relation to a Company, means, the Chief Executive Officer or the Managing Director or the Manager; the Company Secretary; the Whole-Time Director; the Chief Financial Officer; such other officer, not more than one level below the Directors who is in Whole-time employment, designated as Key Managerial Personnel by the Board; and such other officer as may be prescribed.
- e. **“Holding Company”** in relation to one or more other companies, means a Company of which such companies are subsidiary companies.
- f. **“Material Related Party Transaction”** means a transaction to be entered into with related party, individually or taken together with previous transactions during the financial year, exceeds the following limits:
- i. In case of 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) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. ;
  - ii. In case of any other transaction(s), a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company..
- g. **“Related Party”** is a person or an entity which is–

- i. a related party as defined under Section 2(76) of the Act;
  - ii. a related party under the applicable Accounting Standards;
  - iii. any person or entity belonging to the Promoter or Promoter group of the listed entity and holding 20% or more of shareholding in the Company shall be deemed to be a related party;
- h. **“Related party transaction”** means a transfer of resources, services or obligations between a listed entity and a related party, 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.
- i. **“Relative”** with reference to any person shall have the meaning as defined in Section 2(77) of the Act read with Rule 4 of the Companies (Specification of Definition Details) Rules, 2014 and the amendments made thereunder from time to time.

Explanation: For the purpose of this clause, the expression “Company” includes anybody corporate.

- j. **“Subsidiary Company”** or **“Subsidiary”**, in relation to any other Company (that is to say the Holding Company), means a Company in which the Holding Company:
- i. controls the composition of the Board of Directors; or
  - ii. exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies;
  - iii. and such other provisions as per Section 2(87) of the Act.
- k. **“Transactions”** with a related party shall be construed to include single transaction or a group of transactions in a contract and also includes prospective transactions.

#### **4. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS**

- a. Each Director and Key Managerial Personnel is responsible for providing notice to the Board or the Audit Committee of any potential related party transaction involving him/her or his/her relative, including any additional

information about the transaction that the Board or Audit Committee may request.

- b. The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a related party transaction requiring compliance with this Policy.
- c. The Company strongly prefers to receive such notice of any potential related party transaction well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.
- d. The Compliance officer shall maintain a database of Company's related parties containing the names and other applicable details of individuals and Companies, identified on the basis of the definition set forth in this Policy.

## **5. APPROVAL OF RELATED PARTY TRANSACTIONS**

### **a. APPROVAL OF AUDIT COMMITTEE**

- i. All related party transactions shall require prior approval of the Audit Committee.
- ii. Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the following conditions, namely
  - The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this Policy and such approval shall be applicable in respect of repetitive transactions.
  - The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.
  - Such omnibus approval shall specify, the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into;
- iii. The indicative base price / current contracted price and the formula for variation in the price If any; and
- iv. 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, the Audit Committee may grant an omnibus approval for such transactions subject to their value not exceeding rupees one crore (1 Crore) per transaction.

- v. The omnibus approval of the Audit Committee shall be valid for a period of one year (1 year) and shall require fresh approval after the expiry of one year.
- vi. The 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.
- vii. Any member of the Audit Committee falling under the definition of related parties shall not vote to approve the relevant transactions irrespective of whether the member is a party to the particular transaction or not.

**b. APPROVAL OF THE BOARD OF DIRECTORS**

- i. The following transactions shall require a prior approval of the Board:
  - Related party transactions which are not in the ordinary course of business or not at arm's length price;
  - Material related party transactions.
- ii. Any Member of the Board of Directors falling under the definition of related party shall not vote to approve the relevant transactions irrespective of whether the Member is a party to the particular transaction or not.

**c. APPROVAL OF SHAREHOLDERS**

- i. Following transactions shall require prior approval of the Shareholders/Members of the Company by way of a Resolution passed at the general meeting of the Company:
  - All material related party transactions;
  - All related party transactions which are not in the ordinary course of business or not at arm's length and which are in excess of the limits prescribed under the Act.

- ii. No Member of the Company shall vote on such Resolution if such Member is a related party.

Provided that this clause shall not apply to a Company where ninety percent (90%) or more Members, in number, are relatives of Promoters or are related parties.

## **6. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

- a. In the event the Company becomes aware of a related party transaction that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee.
- b. The Audit 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.
- c. 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 as it deems appropriate.
- d. In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit 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.
- e. In connection with any review/ approval of a Related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.
- f. The provisions of this Policy shall not be applicable to 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.

## **7. DISCLOSURE REQUIREMENTS**

- a. Every contract or arrangement approved by the Board of Directors 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 Company shall submit within 30 days from the date of publication of its standalone and consolidated 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 Exchange(s) and publish the same on its website.

- c. Disclosures shall also be made in the Annual Report as specified under the Act and Schedule V of SEBI LODR, including any amendments made from time to time.
- d. This Policy shall be uploaded on the website of the Company and a weblink thereto shall be provided in the Board's Report.

## **8. LIMITATION AND AMENDMENT**

- a. In the event of any conflict between the provisions of this Policy and of the Act or SEBI LODR or any other statutory requirements, rules, regulations, enactments, the provisions of such Act or SEBI LODR or any other statutory requirements, rules, regulations, enactments, the provisions shall prevail over this Policy.
- b. Any subsequent amendment/modification in SEBI LODR, Act and/ or applicable laws in this regard shall automatically apply to this Policy.

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