



CAMBRIDGE TECHNOLOGY ENTERPRISES LIMITED

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

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I. TITLE

Cambridge Technology Enterprises Limited (the “Company” or “CTEL”) would, in ordinary course of business, enter into transactions with a Related Party or parties.

This Related Party Transactions Policy of the Company shall be called the “Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions”(hereinafter referred as the “RPT Policy”)

II. SCOPE

The Policy on dealing with RPT’s is formulated in compliance with Section 188 of the Companies Act, 2013 and the Rules made thereunder and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, and such other regulatory provisions, as may be applicable

III. APPLICABILITY

The Policy shall apply to all Related Party Transactions undertaken by the Company with the Related Party in accordance with the clauses contained herein.

IV. OBJECTIVE

The objective of framing this RPT Policy is to set out (a) the materiality thresholds for Related Party Transactions and; (b) the manner of dealing with the all transactions by and between a Related Party (as defined below) and Cambridge Technology Enterprises Limited and its affiliates (collectively the "Company") based on the Companies Act, 2013, Clause 49 of the Listing agreement and any other laws and regulations as may be applicable to the Company.

V. DEFINITIONS & INTERPRETATION

1) Definitions

The terms defined in this RPT Policy shall have the meanings herein specified and terms not defined shall have the meanings as defined in the Companies Act, 2013 and Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 (“the Regulations”) including any statutory modifications, amendments or reenactments thereof.

i. “Act” means the Companies Act, 2013 including any statutory modification or re-enactment thereof.

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. **“Company”** means Cambridge Technology Enterprises Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at Unit No. 04-03, Level 4, Block 1, Cyber Pearl, Hitec-City, Madhapur, Hyderabad – 500081 and its successors and assigns.

iv. **“Associate”** means a Company as defined under section 2(6) of the Companies Act, 2013 and as defined by Accounting Standard (AS) 23, “Accounting for Investments in Associates in Consolidated Financial Statements” and by Accounting Standard (AS) 18, “Related party disclosures”.

v. **“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.

vi. **“Board”** means the Board of Directors of the Company.

vii. **Key Managerial Personnel (KMP)** means Key Managerial Personnel as defined under the Companies Act, 2013.

viii. **“Related Party”** means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

ix. **“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 and also includes –

- a. Sale, purchase or supply of any goods or materials;
- b. Selling or otherwise disposing of, or buying property of any kind;
- c. Leasing of property of any kind;
- d. Availing or rendering of any services;
- e. Appointment of any agent for the purchase or sale of goods, materials, services or property;
- f. Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
- g. Underwriting the subscription of any securities or derivatives thereof, of the Company;

x. **“Relative”** means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under:

xi. **“Office or place of profit”** means any office or place—

(i) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

(ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

xii. "RPT Policy" means the Related Party Transactions Policy as set out herein and as amended or modified from time to time.

xiii. "Turnover or Net Worth" means turnover or net-worth calculated on the basis of the Audited Financial Statement of the preceding financial year.

xiv. "Material Related Party Transactions": Transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

Notwithstanding the above, with effect from July 01, 2019, 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 of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.]

VI APPROVAL

1) Prior Approval of Audit Committee:

The Company shall not enter into any contract or arrangement with a Related Party without the approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode. Any such approval by circular resolution shall be ratified by the Committee at its next scheduled meeting. Prior approval of the Audit Committee shall be obtained for all Related Party Transactions.

A member of the Committee who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.

2) Omnibus Approval by Audit Committee:

i. 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 listed entity 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 rupees one crore per transaction.

d. Audit Committee shall review, atleast on a quarterly basis, the details of RPTs 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.

ii. The Audit Committee may also, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that cannot be foreseen and for which the aforesaid details are not available up to a value of Rs. 1 crore per transaction.

iii. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.

3) Approval of the Board of Directors:

i. 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 the Board to approve a 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.

ii. All the related party transactions prescribed under Section 188 of the Act, which are not in the ordinary course of business or not at Arm's Length Basis and all material related party transactions shall be brought before the Board and the Board shall consider and approve the related party transaction at a meeting.

iii. Any member of the Board who is interested in any contract or arrangement (as mentioned under section 184(2) of the Act), with any related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

iv. The Consent of the Board would be specific, a particular consent and not a general one. This consent should be separately obtained in relation to different contracts.

v. No consent can be accorded by a circular resolution. The resolution shall be passed at a meeting of the Board.

vi. The agenda of the Board meeting at which the resolution is proposed to be moved under section 188 of the Companies Act, 2013 shall disclose-

- a. the name of the related party and nature of relationship;
- b. the nature, duration of the contract and particulars of the contract or arrangement;
- c. the material terms of the contract or arrangement including the value, if any;
- d. any advance paid or received for the contract or arrangement, if any;
- e. the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- f. 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; and
- g. any other information relevant or important for the Board to take a decision on the proposed transaction.

4) Approval of Shareholders:

i. All material related party transactions shall require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

ii. The Related Party Transactions prescribed under the Companies Act, 2013 read with Rule 15(3) of the Companies (Meeting of Board and its Power) Rules, 2014 which are in excess of the limits specified thereunder and which are not in the Ordinary Course of Business or not at Arms' Length shall also require prior approval of the shareholders through resolution.

Provided further that no member of the company shall vote on such resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party.

Provided also that nothing contained in the above proviso shall apply to a company in which ninety per cent. or more members, in number, are relatives of promoters or are related parties:

Note: Transactions that, require prior approval of Shareholders of the Company, as prescribed under rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, includes the transactions/ contracts/ arrangements as follows:

- a. sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to ten per cent. or more of the turnover of the company or rupees 100 crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013;
- b. selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten per cent. or more of net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
- c. leasing of property of any kind amounting to ten per cent. or more of the net worth of the company or ten per cent. or more of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188;
- d. availing or rendering of any services, directly or through appointment of agent, amounting to ten per cent. or more of turnover of the company or rupees fifty crore, whichever is lower, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188;
- e. appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding rupees 2,50,000/- as mentioned in clause (f) of subsection (1) of section 188.
- f. remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding 1% of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

iii. The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 shall contain the following particulars namely:-

- (a) Name of the related party;
- (b) Name of the director or key managerial personnel who is related, if any;
- (c) Nature of relationship;
- (d) Nature, material terms, monetary value and particulars of the contract or arrangement;
- (e) Any other information relevant or important for the members to take a decision on the proposed resolution.

5) Related Party Transactions not previously approved:

i. In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, subject to the provisions of the Companies Act, 2013 and the rules made thereunder, the transaction shall be placed as promptly as practicable before the

Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

ii. The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances.

6) Exemption:

Subject to applicable provisions of the Act and the Regulations, the requirement of passing the aforesaid resolutions as mentioned under points 1 to 5 of this clause VI shall not be applicable for 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.

VII. DISCLOSURES & OTHER REQUIREMENTS

i. For the purpose of regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

ii. Every contract or arrangement entered into under Section 188 (1) shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

iii. This Policy will also be uploaded in the website of the Company at <http://www.ctepl.com/> and a web link thereto will be provided in the Annual Report of the Company every year.

iv. Subject to the other provisions of the Regulations, the Company shall also disclose the details of all material Related Party transactions along with the quarterly compliance report on corporate governance filed with the stock exchanges under Regulation 27(2)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

v. The company with effect from half year ending March 31, 2019 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 exchanges and publish the same on its website.

vi. Policy shall be reviewed by the board of directors of the company at least once in every 3 years and updated accordingly w.e.f 01.04.2019.

X. AMENDMENT

i. This Policy may be amended by the board at any time and is subject to the (i) amendments to the Companies Act, 2013 and (ii) further guidelines and enactments by the SEBI, including SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.