



COGENT E-SERVICES LIMITED
Policy on Related Party Transactions

I. Background

Cogent E-Services Limited (hereinafter referred to as “**Cogent**” or the “**Company**”) recognizes that Related Party Transactions (as defined below) may have potential or actual conflicts of interest and may raise questions whether such Transactions are consistent with the Company and its shareholders’ best interests and in compliance to the provisions of the Companies Act, 2013 (“**Companies Act**”) and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”).

In light of the above, Cogent has framed this Policy on Related Party Transactions (“**Policy**”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee of Directors in their meeting held on January 13, 2022. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board. In addition to the above, this Policy shall be reviewed by the Board of Directors at least once in three years.

II. Purpose

Cogent is governed, amongst others, by the rules and regulations framed by Securities Exchange Board of India (“**SEBI**”) and Section 188 of the Companies Act. SEBI has mandated every listed company to formulate a policy on materiality of Related Party Transactions including clear threshold limits duly approved by the board of directors and also on dealing with Related Party Transactions.

Accordingly, the Company has framed this policy (Policy) with the intent to ensure the proper approval and reporting of Related Party Transactions. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties (as defined below) as well as policies concerning Transactions with Related Parties (as defined below).

III. Definitions

“**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.

“**Audit Committee**” means Audit Committee constituted by the Board, from time to time, under Section 177 of the Companies Act and the SEBI Listing Regulations.

“**Board of Directors**” or “**Board**” means the board of directors of the Company, as constituted from time to time.

“**Company**” means Cogent E-Services Limited.

“**Key Managerial Personnel**” means key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act.

“**Material Modification**” means modification to approved Related Party Transactions if the Transaction(s) 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.

“Material Related Party Transaction” shall have the same meaning as ascribed under explanation to Regulations 23(1) of SEBI Listing Regulations.

“Promoter” and “Promoter Group” shall have the same meaning as assigned to them respectively in clauses 13(oo) and 14(pp) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time.

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

Provided that any person or entity belonging to the Promoter or Promoter Group of the Company and holding 20% or more of shareholding in the Company shall be deemed to be a Related Party.

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

“Related Party Transaction” means the Transaction as prescribed under Regulation 2(1)(zc) of SEBI Listing Regulations and Section 188 of the Companies Act.

“Transaction” with a Related Party shall be construed to include single Transaction or a group of Transactions in a contract.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended from time to time.

IV. Identification of related parties

Cogent shall identify Related Parties as per the definition provided in the applicable laws, including the Companies Act and the SEBI Listing Regulations, as amended from time to time.

The Company shall regularly verify and update the Related Party list and review and confirm (at least once a quarter) in accordance with the applicable laws as prevalent.

Every Director and Key Managerial Personnel shall, as may be applicable to them, provide a declaration containing the necessary details of related parties covered in the definition of Related Party and relatives to the Company Secretary upon their appointment and on an annual basis. Also, provide declarations within 30 days if there has been a change in the details from the last declaration made under this Related Party Policy.

V. Identification of Related Party Transactions

The respective Directors/KMPs/Executive Directors/Head of Department will ensure that their notice of any potential Related Party Transaction (being any contract or other services proposed to be entered with JVs, Subsidiaries and SPVs including appointment of/to any office or place of profit in any JVs, Subsidiaries or SPVs) is delivered well in advance to the Audit Committee and Board, so that the Audit Committee and Board has adequate time to obtain and review information about the proposed Transaction.

Executive Directors/Head of Departments/CFO shall provide necessary information in advance to the Company Secretary for initiating the process to obtain the necessary approvals of the Audit Committee/Board/Shareholders.

Further, the Chief Financial Officer and the Managing Director are responsible for providing additional information about Transactions that the Board / Audit Committee may request, for being placed before the Audit Committee / Board.

VI. Dealing with Related Party Transactions

The Board shall fulfil the function of monitoring and managing potential conflicts of interest of management, Board and shareholders, including misuse of corporate resources and abuse in Related Party Transactions.

The Company shall comply with applicable provisions of the SEBI Listing Regulations, Companies Act and Rules made there under and other applicable law in force from time to time in dealing with the Related Party Transactions.

VII. Approval process

7.1. Audit Committee

All Related Party Transactions and subsequent Material Modifications shall require prior approval of the Audit Committee. Accordingly, all proposed Related Party Transactions and subsequent material modifications must be reported to the Audit Committee for prior approval by the Committee.

Provided that only those members of the Audit Committee, who are independent directors, shall approve Related Party Transactions.

Provided further that

- a) a Related Party Transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such Transaction whether entered into individually or taken together with previous Transactions during a financial year exceeds such percent of the annual consolidated turnover, as per the last audited financial statements of the Company as prescribed under SEBI Listing Regulations;
- b) with effect from April 1, 2023, a Related Party Transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such Transaction whether entered into individually or taken together with previous Transactions during a financial year, exceeds such percent of the annual standalone turnover, as per the last audited financial statements of the subsidiary as prescribed under SEBI Listing Regulations;
- c) prior approval of the Audit Committee of the Company shall not be required for a Related Party Transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of SEBI Listing Regulations are applicable to such listed subsidiary.

Explanation: For Related Party Transactions of unlisted subsidiaries of a listed subsidiary as referred to in (c) above, the prior approval of the Audit Committee of the listed subsidiary shall suffice.

The CFO of the Company shall provide to the Committee all relevant material information of all Related Party Transaction(s), including the terms of the Transaction(s), the business purpose of the Transaction, the benefits to the Company and to the Related Party, and any other relevant matters *inter alia* including 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 seeking the approval of the proposed 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
- (ii) and would apply on the same basis if the Transaction did not involve a Related Party;
- (iii) Whether the Related Party Transaction would affect the independence of the Director/KMP;
- (iv) Whether the proposed Transaction includes any potential reputational risk issues that may arise as a
- (v) result of or in connection with the proposed Transaction; and
- (vi) Whether the Related Party Transaction is in the nature of 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 or other Related Party, the direct or indirect nature of the Directors, 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.
- (vii) Whether there are any compelling business reasons / rationale for the Company to enter into the Related Party Transaction and the nature of alternative Transactions, if any;
- (viii) Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company

Subject to the provisions of the applicable laws, the Audit Committee will have the discretion to approve/modify/recommend/refer the proposed Related Party Transaction for the approval of Board or shareholders.

And, in the event such Transaction, contract or arrangement is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act 2013 and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.

Omnibus approval

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- (i) The Audit Committee shall lay down the criteria for granting an omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect

of Related Party Transactions which are repetitive in nature.

- (ii) The Audit Committee shall satisfy itself of the need for such omnibus approval and that such approval is in the interest of the company;
- (iii) 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.

- (iv) Audit Committee shall review, atleast on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
- (v) Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of the financial year.

7.2. Board

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 in the meeting of the Board 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/herself and abstain from discussion and voting on the approval of the Related Party Transaction.

7.3. Shareholders

Transactions not in ordinary course of business or not at arm's length

All Related Party Transactions and subsequent material modifications in excess of the limits prescribed under the Companies Act, 2013, and the SEBI Listing Regulations, as may be applicable, which are not in the ordinary course of business or not an Arms' length Transaction shall also require the prior approval of the shareholders through a resolution and no member of the Company shall vote on such resolution, if such member is a Related Party.

Material Related Party Transaction

All material Related Party Transactions and subsequent Material Modifications shall require prior 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. Further, 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 ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Provided that prior approval of the shareholders of the Company shall not be required for a Related Party Transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For Related Party Transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

VIII. Exemption from applicability of the Policy

Notwithstanding the foregoing, but subject to the provisions of the applicable laws from time to time, this Policy shall not apply to the following Related Party Transactions and such Transactions shall not require approval of Audit Committee or Shareholders:

- a) 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;
- b) Transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval
- c) Any Transaction that involves provision of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or that of any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business;
- d) Any Transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

IX. Disclosure

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

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 exchanges and publish the same on its website.

Provided that if the Company is a 'high value debt listed entity', it shall submit such disclosures along with its standalone financial results for the half year.

X. Policy review

The Board may, subject to applicable laws, amend, suspend or rescind this Policy at any time and in any case, the Policy shall be reviewed by the Board at least once every three years and updated accordingly. Any difficulties or ambiguities in the Policy will be resolved by the Board in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Related Party Policy.

In the event of any conflict between the provisions of this Policy and of the applicable law(s) dealing with the Related Party Transactions, such applicable law(s) as may be in force from time to time shall prevail over this Policy. Any subsequent amendment / modification in the SEBI Listing Regulations, Companies Act and/or applicable laws in this regard shall automatically apply to this Policy.