



Infinite Computer Solutions (India) Limited

INFINITE COMPUTER SOLUTIONS (INDIA) LIMITED

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

1. Introduction

The Board of Directors (“Board”) of Infinite Computer Solutions (India) Limited (“Company”) has adopted this Policy (“Policy”) upon the recommendation of the Audit Committee and the said Policy includes materiality threshold of Related Party Transactions and dealing with Related Party Transactions.

This Policy will be applicable with effect from 1st October, 2014 and has been formulated in accordance with Clause 49 of the Listing Agreement with the Stock Exchanges in India read with the provisions of Section 177 and 188 of the Companies Act, 2013 (“the Act”) & relevant rules made thereunder as amended from time to time to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company.

2. Policy Objective

The Company recognizes that RPTs (as defined below) may have potential or actual conflicts of interest and may raise questions whether such transactions are consistent with the Company’s and its shareholders’ best interests and in compliance with the provisions of the Act and Clause 49 of the Listing Agreement (Clause 49). This policy is framed primarily to ensure the governance and reporting of transactions between the Company and its Related Parties. The policy is also prepared for the identification and regulation of the RPTs keeping in view the provisions of the Act read with the rules made thereunder and Clause 49.

3. Definitions

- a. **“Audit Committee”** means “Audit Committee” constituted by the Board of Directors of the Company from time to time under the provisions of the Act and Clause 49.
- b. **“Board of Directors”** means the “Board of Directors” of Infinite Computer Solutions (India) Limited, as constituted from time to time.



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- c. **“Company”** means Infinite Computer Solutions (India) Limited.
- d. **“Key Managerial Personnel”** or KMP means key managerial personnel as defined under the Act & 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
 - iv. Such other officer as may be prescribed
- e. **“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.
- f. **“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 ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.
- g. **“Policy”** means policy on materiality of Related Party Transactions and dealing with related party transactions.
- h. **Related Party** means a related party as defined under the Act or rules made thereunder and Clause 49.
- i. **“Related Party Transaction”** means such transactions as specified under Section 188 of the Act or rules made thereunder and Clause 49(VII)(A) of the Listing Agreement including any amendment or modification thereof, as may be applicable.
- j. **“Relative”** means a relative as defined under the Act and Clause 49.
- k. **“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions.

Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Agreement, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

4. Policy

All RPTs must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy, whether at a meeting or by resolution by circulation or any other manner as provided by the Act or Rules made thereunder.



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4.1 Disclosure by Directors and KMP's

- Every year, the Directors and KMP shall provide declaration to the Company Secretary in the prescribed format.
- The declarations will also be updated by the Directors and KMP regularly and intimated to the Company Secretary as and when any changes take place.
- Any individual appointed as director or KMP shall provide declaration to the Company Secretary in the prescribed format.

4.2 Identification of Potential RPTs

Each director and Key Managerial Personnel is responsible for providing notice to the Company of any potential RPT, if not given already in the first Board Meeting of the financial year, involving him/her or his/ her relative, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee/ Board. The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a RPT requiring compliance with this policy.

The Directors and KMPs will ensure that their notice of any potential RPT is delivered well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

4.3 Review and Approval of RPTs

i. Audit Committee

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

1. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on RPTs of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
2. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
3. Such omnibus approval shall specify the following:
 - i. the name/s of the related party
 - ii. nature of transaction,
 - iii. period of transaction,
 - iv. maximum amount of transaction that can be entered into,



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- v. the indicative base price / current contracted price and the formula for variation in the price if any and;
- vi. such other conditions as the Audit Committee may deem fit;

Provided that where the need for RPT 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.

- 4. 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.
- 5. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

In determining whether to approve a RPT, the Audit Committee will consider the following factors, among others, to the extent relevant to the RPT:

- i. Whether the terms of the RPT are fair and on arm's length basis to the Company;
- ii. Whether there are any compelling business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any;
- iii. Whether the RPTs are entered in the past;
- iv. Whether the nature of the proposed transaction is something that the Company would have ordinarily done in the course of its business;
- v. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- vi. Any other factor the Audit Committee deems relevant for reviewing and approving such RPT.

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- c. Whether the RPTs are entered in the past;
- d. Whether the nature of the proposed transaction is something that the Company would have ordinarily done in the course of its business;
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- f. Any other factor the Audit Committee deems relevant for reviewing and approving such RPT.



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ii. Board of Directors

The Board shall consider and approve the RPT as required to be approved under the Act or rules made thereunder and/or Clause 49 and/or transactions referred to it by the Audit Committee.

iii. Shareholders' Approval

- a. All the Material RPTs shall require approval of the shareholders through special resolution (unless it is exempted pursuant to Clause 49). All Related Parties shall abstain from voting on such resolution.
- b. The transactions which fall under Section 188 of the Act which are not in the ordinary course of business and / or not an Arms' length basis and which crosses the threshold limits prescribed under the rules made thereunder, shall require approval of the shareholders through special resolution. Only the concerned Related Parties with whom transactions are being entered into, shall abstain from voting on such resolution.

iv. Decision regarding transaction in the ordinary course of business and at arm/s length basis

"Ordinary course of business" would include usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities which the Company can undertake as per Memorandum & Articles of Association.

The Audit Committee or the Board shall, in respect of the RPTs referred to them for approval and after considering the matter placed before them, shall judge if the transaction is the ordinary course of business and at arm's length basis. In case the Audit Committee is not able to arrive at such a decision, it may seek advice from any outside specialist(s) / professional(s) from the relevant field in helping them to arrive at a decision.

In case there is still no consensus amongst the Audit Committee Members, the matter then shall be referred to the Board, which shall decide if the transaction is the ordinary course of business and at arm's length basis.

v. Transactions not requiring approval

1. Notwithstanding the foregoing, the following are illustrative cases of RPTs which shall not require approval of Audit Committee:
 - a. Any transaction involving the providing of compensation to a Director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
 - b. Contracts entered after making necessary compliances under Section 297 of the Companies Act, 1956, which already came into effect before the commencement of section 188 of the Act, will not require fresh approval till the expiry of the original term of such contracts. However, if any modification in such contract is made on or after 1st April, 2014, the requirements under Section 188 will have to be complied with.



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5. RPTs 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 Audit Committee. Audit Committee shall consider all of the relevant facts and circumstances regarding the RPT, and shall evaluate all options available to the Company, including ratification, revision or termination of the RPT. Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT 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 Audit Committee determines not to ratify a RPT 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 Company etc. In connection with any review of a RPT, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

6. Amendment(s)

The Board of Directors may review or amend this policy, in whole or in part, from time to time, after taking into account the recommendations from the Audit Committee.

7. Disclosures

- Every material RPT or RPT which is not on Arm's Length basis shall be disclosed in the Directors Report with proper justification for entering into such transactions.
- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- The company shall disclose the policy on dealing with RPTs on its website and a web link thereto shall be provided in the Annual Report.
- A register of RPTs shall be maintained as per the Act and placed before the next Board Meeting and signed by all the directors present at the Meeting.

8. Interpretation

In the event of any conflict between the provisions of this Policy and the Act or Clause 49 or any other statutory enactments/ rules, the provisions of such Act or Clause 49 or statutory enactments shall prevail over this Policy.