

1. Preamble

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The Company recognises that Related Party Transactions (as defined below) can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's interests. Therefore, this Policy regarding the review and approval of Related Party Transactions has been adopted by the Company's Board of Directors, as recommended by the Audit Committee, in order to set forth the procedures under which certain transactions must be reviewed and approved or ratified.

This Policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

The Board of Directors of the Company will review and, if required, amend this Policy from time to time and such amended Policy shall also be in conformity with the provisions of the Companies Act 2013, including the Rules made thereunder and the SEBI LODR Regulations and must be approved in the manner as may be decided by the Board of Directors.

2. Purpose

This Policy is framed as per requirement of the SEBI LODR Regulations entered into by the Company with the Stock Exchanges and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

3. Definitions

- a) "Audit Committee or Committee" means the Audit Committee of Board of Directors of the Company;
- b) "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.
- c) "Board" means the Board of Directors of the Company, as constituted from time to time;
- d) "Key Managerial Personnel" or "KMP" means the managerial personnel as defined under Section 2(51) of the Companies Act, 2013:
- e) "Material modifications" means any modifications to the material related party transactions which were approved by the Audit Committee or Shareholders during the year which will change the complete nature of the transaction and in case of monetary thresholds which is in excess of 10% of the originally approved transaction, in case of exigencies only.
- 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 Rs.450 Crores or ten percent of the consolidated annual turnover of the Company as per the last audited financial statements of the Company, whichever is lower;
- g) "Policy" means this Related Party Transactions Policy;
- h) 'Promoter' and 'Promoter Group' shall have the meaning assigned to it under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any amendment thereof;

- i) "Related Party" means a related party as defined in Section 2(76) of the Companies Act, 2013 or under the applicable Accounting Standards as amended from time to time;
- j) Further, for the purposes of this policy, the term Related Party includes any person or entity belonging to the Promoter or Promoter Group of the Company and holding 20% or more of shareholding in the Company.
- k) "Related Party Transaction" means a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged;
- l) In addition to this, any transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds two per cent of the annual consolidated turnover of the Company as per the last Audited Financial Statements;
- m) "Relative" means a relative as defined in Section 2(77) of the Companies Act, 2013.
- n) "SEBI LODR Regulations" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
- o) "Subsidiary Company" shall have the same meaning as specified under section 2(87) of the Companies Act, 2013.
- p) "Turnover" shall have the same meaning as specified under section 2(91) of the Companies Act, 2013.
- q) "Wholly Owned Subsidiary" When a company holds 100% of shares of another company, the other company is called a Wholly Owned Subsidiary of the company who has made 100% investment in it.

Policy

I. Audit Committee

All RPTs shall be referred to the Audit Committee for prior approval, irrespective of its materiality. The Audit Committee shall also approve any subsequent material modification of RPTs. Chief Financial Officer will refer RPTs to audit committee for approval.

A. In summary, prior approval of Audit Committee is required for the following Related Party Transactions:

- i. Where Company is a party
- ii. Where subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company.
- iii. With effect from April 1, 2023, Where subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;
- iv. Transaction of the Company and/or its subsidiaries with unrelated parties, the purpose and effect of which is to benefit the Related parties of the Company or any of its subsidiaries.

B. The Audit Committee will take into account following considerations while dealing with the RPTs:-

- Nature of relationship with the related party;

- Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
- Method and manner of determining the pricing and other commercial terms;
- Whether the transaction is at arm's length; and
- Any other information relevant or important for the Audit Committee/ Board to take a decision on the proposed transaction.
- Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise); Tenure of the proposed transaction (particular tenure shall be specified); Value of the proposed transaction The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - . details of the source of funds in connection with the proposed transaction;
 - i. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - 1. nature of indebtedness
 - 2. cost of funds; and
 - 3. tenure;
 - ii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iii. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- Justification as to why the RPT is in the interest of the listed entity;
- A copy of the valuation or other external party report, if any such report has been relied upon;
- Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;

C. Any member of the Audit Committee who has a potential interest in any related party transaction will abstain from discussion and voting on the approval of the related party transaction. Only members of the Audit Committee who are independent members shall approve all Related Party Transactions.

II. Omnibus Approval

i. The Audit Committee shall take into account following considerations while granting omnibus approval for RPTs, of repetitive nature:

- Criteria specified by the Audit Committee under Rule 6A of the Companies (Meetings of Board & Its Powers) Rules, 2014 after approval of the Board;
- Nature of relationship with the related party;
- Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
- Method and manner of determining the pricing and other commercial terms;
- Justification for need of omnibus approval;
- Whether the transaction is at arm's length and in ordinary course of business; and
- Any other information relevant or important to take a decision on the proposed transaction.

Board Approval

The Board shall approve RPTs, which are not in ordinary course of business and/or not at arm's length.

Where the Audit Committee does not approve the RPTs, it shall make its recommendations to the Board for approval.

If prior approval of Board or shareholders has not been taken, then such transaction needs to be ratified within 3 months of the date of entering into contract/ arrangement.

Shareholders' Approval

All material RPTs defined under Regulation 23 of Listing Regulations, whether in ordinary course of business and/or arm's length basis or not, shall require approval of the Board and shareholders, and the related parties shall abstain from voting on such resolutions irrespective of whether the entity is a party to the particular transaction or not.

RPTs exceeding the limits prescribed under the Act and not in ordinary course of business and/or arm's length basis, shall require prior approval of the Board and shareholders, respectively.

Contracts/ arrangements with Company's subsidiaries and L&T Group Companies would result in RPTs. Generally, such contracts/ arrangements would be in the ordinary course of business.

Once such contracts/ arrangements are approved by the Audit Committee, transactions arising out of same would not be subject to evaluation when they are executed. The process will be monitored by CFO continuously.

DISCLOSURE:

Appropriate disclosures as required under the Act and the Listing Regulations shall be made in the Annual Return, Directors Report and to the Stock Exchanges.