



QUEST CORP LIMITED

POLICY ON RELATED PARTY TRANSACTIONS
AND MATERIALITY

ADOPTED BY THE BOARD OF DIRECTORS AT THEIR MEETING HELD ON MAY 17TH, 2016

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QUESS CORP LIMITED
POLICY ON RELATED PARTY TRANSACTIONS AND MATERIALITY

1. Preamble:

The Board of Directors of Qness Corp Limited (“**the Company**”), on recommendation of the Audit Committee, has adopted this policy to regulate Related Party transactions of the Company in compliance with various applicable laws, including under the Companies Act, 2013 (the “**Act**”) and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as “**LODR**”), prescribed for related party transactions.

2. Objective:

The Related party may have potential or actual conflicts of interests. Such transactions are appropriate only if they are in the best interest of the Company. In order to ensure the same and to set forth the procedure for entering into and execution of Related Party Transactions, the Board of Directors have adopted this policy.

3. Definitions:

3.1 **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.

3.2 **Materiality**, means 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 listed entity as per the last audited financial statements of the listed entity.

3.3 **Ordinary Course of business**, means activities that are normal, regular, frequent and incidental to the business of the Company.

3.4 **Related Party**, means a Related Party as defined under sub-section (76) of section 2 of the Act or under the applicable accounting standards

3.5 **Related Party Transaction**, a transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged. A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.

4. Manner of dealing with related party transactions:

All Related Party Transactions must be reported for approval to the Audit Committee (“**Committee**”) and may be referred by the Committee to the Board and / or shareholders for its / their approval, as may be required in accordance with this Policy.

5. Identification of Related Party

- 5.1 Related parties shall be identified under Act & as per Regulation 23 of the LODR as amended from time to time and regularly verified.
- 5.2 The Secretarial Department of the Company shall request from all the Directors and Key Managerial Personnel information that may be required for inclusion in the list of related parties of the Company.
- 5.3 Each Director and Key Managerial Personnel of the Company shall inform the Secretarial Department of the Company of any change in the information previously provided on the list of related parties of the Company.
- 5.4 Each director and Key Managerial Personnel is responsible for providing notice to the Board or Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/ Committee may reasonably request.
- 5.5 The list of identified related parties will be tagged and updated in the accounting system regularly and also periodically sent out to those staff of the Company that might be in the position to conduct or know of the possible conduct for Related Party Transactions.

6. Identification of related party transactions

As a policy, Quess Corp limited will identify transactions falling under contracts and arrangements, as per the applicable laws, entered into with related parties for the consent of the Committee, Board of Directors and shareholders, as applicable.

7. Policy:

- 7.1 The Related Party Transactions should be in conformity with the prevailing rules and regulations prescribed by law.
- 7.2 All Related Party Transactions shall be placed before the Committee for prior approval of the Committee, as required under the provisions of the Act and the LODR.

8. Omnibus approvals related to Related Party Transactions

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

- a. The Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The 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 Committee may deem fit;
- Where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.
- d. The 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.
 - e. Such omnibus approvals shall be valid for a period not exceeding 1 year and shall require fresh approvals after the expiry of 1 year.

9. Policy on Determination of Materiality of Related Party Transactions

- 9.1 All Transactions which are not in ordinary course of business or not as per arm's length pricing or both will be put up for prior approval of the Board. In case the Company has a paid-up share capital exceeding the amount as may be prescribed or the value of the specified transaction exceeds the prescribed thresholds under the Act, it will be also be put up for prior approval of the shareholders..
- 9.2 All Material Related Party Transactions (within the meaning of the LODR) shall require approval of the shareholders and all Related Parties shall abstain from voting on such resolutions irrespective of whether the entity is a party to the particular transaction or not.

Exclusion:

The following shall not be deemed as a Related Party Transactions:

- i. transactions entered into between a company and its wholly owned subsidiary in India and overseas, shall outside the scope of the provisions of Clause 9 (listed above) (Refer to Regulation 23 (5) (b) of the LODR)

10. Review of transactions with Related Party:

- 10.1 To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. For this purpose, the Committee / Board, as the case may be, are entitled to seek the assistance of any employee of the Company or one or more independent experts of its choice at the expense of the Company.
- 10.2 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 Board to approve the Related Party Transaction,

then 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.

11. Related Party Transactions not approved under this Policy

11.1 In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The 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. 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 shall take any such action it deems appropriate.

11.2 In cases where the Board and / or shareholders' approval is required, and a contract or arrangement is entered into by a director or any other employee, without obtaining such consent of the Board or approval by a special resolution in the general meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

11.3 In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

12. Disclosure and Reporting:

12.1 Details of the Related Party Transactions during the quarter shall be disclosed in the Committee and Board meeting. The 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, if any.

12.2 The Company shall disclose to the Stock Exchange along with the compliance report on Corporate Governance on a quarterly basis details of all material transactions with related parties.

12.3 Director's report shall contain details of Related Party Transactions as required under the Act and Regulation 23 of the LODR.

12.4 The Policy shall be made available on the website of the Company - www.quesscorp.com and a web link thereto shall be provided in the Company's Annual Report.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

13. Amendments

The Board in consultation with Committee will review the Policy from time to time based on the related party transactions and make suitable modifications, as may be necessary.