



commTel

ENGINEERING
INTELLIGENCE

Policy On Related Party Transactions

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RELATED PARTY TRANSACTION POLICY

1 PREAMBLE

CommTEL Networks Limited (the “Company”) in consonance to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and related provisions of the Companies Act, 2013 (hereinafter referred to as ‘Act’) recognizes the potential conflict of interest between the Company and its stakeholders in case the Company enters into contracts/arrangements with its related party and considering such transactions are at the best interest of both the parties in the given situation.

2 APPLICABILITY

This policy shall be applicable to the Company and its subsidiaries. This policy has been enacted to regulate transactions between the Company and its related parties based on the laws and regulations applicable to the Company. The Policy is applicable to all Related Party Transactions irrespective of their value and size. The Policy shall be applicable to the Company with effect from the listing of the equity shares of the Company on the stock exchanges.

3 DEFINITIONS

Definition of some of the key terms used in this policy are given below:

1. “**Act**” means Companies Act, 2013, and the rules thereunder, as amended from time to time.
2. “**Arm’s Length Transaction**” means a transaction between the Company and its Related Parties that is conducted as if they were unrelated and at a fair value, so that there is no conflict of interest.
3. “**Associate Company**” shall have the meaning as defined in Section 2(6) of the Act.
4. “**Audit Committee**” or “**Committee**” means the Committee of the Board formed under Section 177 of the Act and Regulation 18 of the Listing Regulations.
5. “**Company**” means CommTEL Networks Limited.
6. “**Director**” means a director on the Board of the Company.
7. “**Key Managerial Personnel**” or “**KMP**” means a key managerial personnel as defined under the Act.
8. “**Industry Standards**” shall mean the Industry Standards on “Minimum information to be provided for Review of the Audit Committee and Shareholders

for Approval of Related Party Transaction (RPT)" as notified by SEBI vide its circular dated February 14, 2025

9. **"Listing Regulations"** mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendments or modifications or circulars or notifications issued thereunder.
10. **"Material Modification"** means any modification made in the value/exposure of any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee and/or shareholders, which has the effect of variation in the approved value of the transaction, by 20% or more or by which the transaction ceases to be in ordinary course and/or on arm's length basis or such other parameter as may be determined by the Audit Committee from time to time.
11. **"Material Related Party Transaction"** means a transaction as prescribed in Clause 5.

Provided that in case of any amendment to the Act or Listing Regulations, definition of Material Related Party Transactions will be deemed to be changed without any further approval of Audit Committee or Board.
12. **"Policy"** means this policy on Materiality of Related Party Transactions.
13. **"Related Party"** has the meaning as assigned to it under the Act and Regulation 2(1) (zb) of the Listing Regulations, as amended from time to time. However, (a) any person or entity belonging to the promoter or promoter group of the Company, or (b) any person or entity holding equity shares of 10% or more in the Company either directly or on a beneficial interest basis as provided under the Act, at any time, during the immediately preceding financial year, shall be deemed to be a related party.
14. **"Related Party Transaction"** or **"RPT"** has the meaning prescribed to it under Regulation 2(1) (zc) of the Listing Regulations and shall include transactions given in clause (a) to (g) of Section 188(1) of the Act.
15. **"Stock Exchanges"** means the stock exchanges where the specified securities of the Company are listed.
16. **"Subsidiary Company"** or **"Subsidiary"** means a company as defined under Section 2(87) of the Act.

Words and expressions not defined in this Policy shall have the same meaning as contemplated in the Act read with the rules made thereunder, the Listing Regulations and any other applicable laws or regulations.

4 POLICY OF THE COMPANY

- i. The term of related party transactions and materiality of the same shall be deemed to be as defined under Regulation 23 of the Listing Regulations and Section 177 and Section 188 of the Act and so far applicable to the Company

and its alike transactions as on date and any amendment thereto from time to time of the respective laws.

- ii. All the transaction with the related parties and subsequent modifications would require prior approval of the Audit Committee provided that only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions including transactions entered into under omnibus approval of the Audit Committee due to repetitive transactions of the same nature and with the same related party as may permitted.

5 MATERIALITY THRESHOLD

Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires a Company to provide materiality thresholds for transactions beyond which approval of the shareholders through ordinary resolution will be required. None of the related parties of a Company shall vote to approve on such resolution irrespective of whether the entity is a related party to the particular transaction or not.

- i. The threshold limit for material related party transactions (all transactions taken together in a financial year) shall be, any transaction exceeding the threshold which is the lowest of the following as per its latest audited consolidated financial statements (in case consolidation is not applicable, then latest audited standalone financial statements):

Consolidated Turnover of Company	Threshold
(I) Up to ₹20,000 Crore	10% of the annual consolidated turnover of the Company
(II) More than ₹20,000 Crore and up to ₹40,000 Crore	₹2,000 Crore plus 5% of the annual consolidated turnover of the Company above ₹20,000 Crore
(III) More than ₹40,000 Crore	₹3,000 Crore plus 2.5% of the annual consolidated turnover of the Company above ₹40,000 Crore or ₹5,000 Crore, whichever is lower

- ii. Royalty / brand usage payment to a related party (all transactions taken together in a financial year) shall deemed to be material if the transactions exceed 5% of the annual consolidated turnover of the Company as per the last audited financial statement of the Company or such higher limit as prescribed under Regulation 23 of the Listing Regulations.

Related Party Transaction policy on materiality and its threshold limits shall be reviewed by the Board of Directors of the Company once in every three years and updated accordingly.

6 PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS

6.1 Categorization by Management

Once the Related Party Transactions are identified, the Management shall categorize the transactions under the following categories as per the Industry Standards and place applicable disclosures before the Committee seeking approval:

- a. Material Related Party Transactions
- b. Other Related Party Transactions, but with promoter or promoter group or person/ entity in which promoter or promoter group has concern or interest.
- c. Residual Related Party Transactions.

6.2 Approval of the Audit Committee

All related party transactions and subsequent Material Modifications require prior approval of the Audit Committee and only those members of the Audit Committee, who are independent directors, shall approve Related Party Transactions.

- i. The audit Committee has defined “Material Modifications” and the same is part of this Policy. Any transaction previously approved by the Audit Committee shall be placed for approval if there is a Material Modification.
- ii. A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the Audit Committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds (i) ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary (ii) or the threshold for Material Related Party Transactions .
- iii. Prior approval of the audit Committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if Regulation 23 and Sub-Regulation (2) of Regulation 15 of the Listing Regulations are applicable to such listed subsidiary.
- iv. The Audit Committee, at the time of approval of Related Party Transaction(s), shall take into consideration the certificate to be placed before it by the Chief Executive Officer or Chief Financial Officer or any other Key Managerial Personnel of the Company, confirming that the Related Party Transaction(s) to be entered is in the

interest of the Company. This certificate shall be placed before the Committee in terms of the Industry Standards.

- v. In the event of a Related Party Transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the Subsidiary of the Company is a party but the Company is not a party and such Subsidiary does not have audited financial statements for a period of at least one year, prior approval of the Audit Committee of the Company shall be obtained if the value of such transaction exceeds the lower of the following:
 - (i) ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or (ii) the threshold for Material Related Party Transactions;
- vi. Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not a Material Related Party Transaction.
- vii. For the Related Party Transaction exclusively as per Listing Regulations, the members of the Audit Committee, who are independent directors, may ratify Related Party Transactions within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:
 - (i) the value of the ratified transaction(s) with a Related Party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
 - (ii) is not a Material Related Party Transaction;
 - (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
 - (iv) the details of ratification shall be disclosed along with the disclosures of Related Party Transactions;
 - (v) any other condition as specified by the Audit Committee:
- viii. Failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee and if the transaction is with a Related Party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the audit Committee of the listed subsidiary shall suffice.

However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- a. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following viz.:
 - i. Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
 - ii. The maximum value per transaction which can be allowed;
 - iii. extent and manner of disclosures to be made to the audit Committee at the time of seeking omnibus approval;
 - iv. review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the Company pursuant to each omnibus approval made;
 - v. transactions which cannot be subject to the omnibus approval by the Audit Committee.
- b. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, viz:-
 - i. repetitiveness of the transactions (in past or in future);
 - ii. justification for the need of omnibus approval.
- c. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;
- d. The omnibus approval shall provide details of (i) the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into, (ii) basis of arriving at 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 transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding INR One (1) crore per transaction;
- e. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the Company and its subsidiaries pursuant to the omnibus approval given;
- f. Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year;
- g. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company;
- h. Minimum Information as required under the Industry Standards;
- i. Any other conditions as the Audit Committee may deem fit.

6.3 In addition to the approval of the Board of Directors, the Audit Committee of the Company has specified following criteria for granting omnibus approval:

The maximum value per transaction of the Company and its Subsidiary which can be approved under omnibus route will be the same as per the materiality threshold as defined in Clause 6 of the Policy.

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

- i. Nature of the transaction i.e. details of goods or property to be acquired / transferred or services to be rendered / availed (including transfer of resources) – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction.
- ii. Key terms (such as price and other commercial terms contemplated under the arrangement) of the proposed transaction, including value and quantum.
- iii. Any other details as may deem fit by the Audit Committee.

Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:

- i. Transactions which are not at arm's length or not in the ordinary course of business.
- ii. Transactions which are not repetitive in nature.
- iii. Transactions exceeding materiality thresholds as laid down in Clause 5 of the Policy.
- iv. Transactions in respect of selling or disposing of the undertaking of the Company.
- v. Financial Transactions e.g. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties.
- vi. Any other transaction the Audit Committee may deem not fit for omnibus approval.

6.4 Approval of the Board of Directors of the Company

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval.
- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval.
- Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval.
- Transactions meeting the materiality thresholds laid down in Clause 3 of the Policy, which are intended to be placed before the shareholders for approval.

6.5 Approval of the Shareholders of the Company

All the Material Related Party Transactions are placed before the shareholders for approval. For this purpose, none of the related parties of the Company shall vote to approve on such shareholders' resolution irrespective of whether the entity is a related party to the particular transaction or not. Minimum information as required under Industry Standards should be placed before the shareholders.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in the Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

However, the requirement of shareholders' approval for Material Related Party Transactions shall not be applicable for the following cases:

- i. Transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.
- ii. 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.
- iii. Transactions entered into between two wholly-owned subsidiaries of the company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- iv. Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.

7 GENERAL TERMS AND CONDITIONS:

- i. All the related party contracts / arrangements shall be entered into at an arms' length basis.
- ii. In case the market price of any transactions/arrangements are not available or cannot be ascertained and could not be executed with outsiders due to secrecy of the nature of products or formula, such transactions shall be done as far as possible to the nearing market price and after citing justification to the Audit Committee for such transaction and necessity.
- iii. All contracts/arrangements shall adhere to the requirement of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, provisions of the Companies Act, 2013 and rules made thereunder and the Accounting Standards.
- iv. If any contract or arrangement is entered by a Director or any employee without the consent of the Board or without resolution in General Meeting due to some urgency, it shall be **ratified** by the Audit Committee, Board or General Meeting by means of Special Resolution within **3 months**, as the case may be.
- v. In case of the contracts / arrangements with related party is not in the ordinary course of business or at Arm's Length, the Company would comply with the applicable provisions of the Companies Act, 2013 and rules made thereunder.

This policy is meant to provide a framework to regulate transactions between the Company and its related parties based on applicable laws and regulations. The Audit Committee and the Board of Directors will review this policy periodically and may amend or modify the Policy accordingly, from time to time.

8 MINIMUM INFORMATION FOR APPROVAL OF RELATED PARTY TRANSACTION

The Audit Committee / Board of Directors / Members of the Company, as the case may be, shall be provided with the minimum information for approval of related party transaction as prescribed in the Industry Standards.

9 POLICY REVIEW

1. This Policy is based on the provisions of the Act and the Listing Regulations, and shall be reviewed by the Board at least once every 3 (three) years.
2. In case of any changes in the provisions of the Act, the Listing Regulations or any other regulation which are inconsistent with the Policy, such amended provisions would prevail over the Policy.
3. The Company Secretary and Managing Director are jointly authorized to propose matter to amend this Policy to be made consistent with the prevailing

provisions of the Act and the Listing Regulations, which shall be placed before the Audit Committee and Board for their approval.

4. In case of any interpretation issue on any matter relating to this Policy, the Audit Committee/ Board shall refer the same for legal opinion.

In case of any doubt with regard to any provision of the Policy and also in respect of matters not covered herein, a reference shall be made to the chairman of the Committee. In all such matters, the interpretation and decision of the chairman of the Committee / Board shall be final. The Company reserves the right to modify, cancel, add, or amend any clause of this Policy as set out above.