

The logo for ramco, featuring the word "ramco" in a lowercase, blue, sans-serif font.

**RAMCO SYSTEMS LIMITED**

**RELATED PARTY  
TRANSACTION POLICY**

## **RELATED PARTY TRANSACTION POLICY**

The Board of Directors (the "Board") of Ramco Systems Limited (the "Company"), has adopted the following policy regarding materiality of Related Party Transaction(s) ("RPTs"), dealing with Related Party Transactions and manner of pre-approving transactions with related parties in terms of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") and Section 188 of Companies Act, 2013. The Board will review and may amend this policy from time to time.

No Related Party Transaction may be entered into by the Company, except in accordance with the provisions of this Policy.

### a) Definitions:

- 1) "Arm's Length Basis" means, a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.
- 2) "Related Party" means:
  - i. A person defined as related party under Section 2(76) of Companies Act, 2013
  - ii. A person defined under the applicable Accounting Standard dealing with Related Party Disclosures
  - iii. Any person or entity which is deemed to be a related party as per Regulation 2(1)(zb) of SEBI LODR.
- 3) "Transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract or arrangement.
- 4) "Related Party Transaction" means transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged and would include a transaction specified under Section 188 (1) of the Companies Act, 2013 and transactions specified under Regulation 2(1)(zc) of SEBI LODR.
- 5) "Material Related Party Transaction" means any transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1000 Crores or ten percent of the annual

consolidated turnover of the Company as per the last financial statements audited of the Company whichever is lower. A 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, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company.

b) Procedure for Dealing with Related Party Transactions:

- 1) The Related Parties are obligated to disclose complete information about the proposed transaction with the Company, so as to enable the Company to determine whether the transaction constitutes a RPTs requiring compliance with this policy.
- 2) No RPTs shall be entered into by the Company without the prior approval of the Audit Committee (except for the transactions pre -approved by the Audit Committee as in Clause 6 given below). Any subsequent material modifications of transactions of the Company with related parties will also require prior approval of Audit Committee.

provided that only those members of the audit committee, who are independent directors, shall approve RPTs.

Material modification means, a modification in the Contract or Memorandum of Understanding (MOU) with regard to alteration:

- a. by way of extending or reducing the time duration of the Contract / MOU, by a period of three months or more
- b. in the value of the transaction exceeding 10% of the contract value or rate or quantity
- c. in the interest rate of loan transactions, where the change in the interest rate is 10% or more
- d. by way of extending or reducing the credit period by more than three months in the case of commercial transactions
- e. by way of extending or reducing the repayment period by more than six months in the case of financial transactions

2A. Any RPTs 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 ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company.

2B. With effect from April 1, 2023, any RPTs 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 ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

2C. Prior approval of the audit committee of the Company shall not be required for a RPTs 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 LODR are applicable to such listed subsidiary.

2CA. Approval of the Audit Committee of the Company shall not be required for the remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, provided that the same is not material in terms of the provisions of Regulation 23(1) of LODR.

2D. 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) the transaction is not material in terms of the provisions of Regulation 23(1) of LODR;

(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 in terms of the provisions of Regulation 23(9) of LODR;

(v) any other condition as specified by the audit committee:

Provided that 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 listed entity against any loss incurred by it.

2E. The Company shall provide the following information to the Audit Committee, for approval of a proposed RPT:

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction;
- d. Value of the proposed transaction;
- e. The percentage of the Company'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);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
  - i. details of the source of funds in connection with the proposed transaction;
  - ii. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments;
    - o nature of indebtedness;
    - o cost of funds; and
    - o tenure;
  - iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and

- iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g. Justification as to why the RPT is in the interest of the Company;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- j. Any other information that may be relevant

2F. The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

- 3) In the event such RPTs 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 Transaction.
- 4) No director who is interested in any such transaction shall be present at the meeting during discussions on the subject matter of the resolution proposed for Board / Audit Committee Approval.
- 5) All material RPTs and subsequent material modifications shall require the prior approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions, whether the entity is a related party to the particular transaction or not. This shall not be applicable for transactions with wholly owned subsidiaries of the Company whose accounts are consolidated with that of the Company.

5A. Information to be provided to shareholders for consideration of RPTs:

The Notice being sent to the shareholders seeking approval for any proposed RPT shall in addition to the requirements under the Companies Act, 2013 include the following information as part of the statement to be annexed to the Notice.

- a. A summary of the information provided to the Audit Committee to get their approval;
- b. Justification for why the proposed transaction is in the interest of the Company;

- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the details specified under point 2E(f) above;
- d. A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f. Any other information that may be relevant.

5B. If the Company enters into a transaction with its wholly owned subsidiaries whose accounts are consolidated with that of the Company, resolution passed by the Holding Company would suffice.

5C. Prior approval of the Company at a general meeting is not required, for the 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.

- 6) The Audit Committee may, subject to the following conditions, pre-approve (omnibus approval) certain RPTs and modifications thereto for the proposed RPTs to be entered into by the Company or its subsidiaries, subject to the following conditions::
- i. Need for the particular RPTs cannot be foreseen.
  - ii. The Transaction is at arm's length and is in the ordinary course of business and is of repetitive nature.
  - iii. The Transaction is not a transaction that requires approval by the Board/ Shareholders under the provisions of the Companies Act, 2013 and rules framed thereunder.
  - iv. Audit Committee, while granting the pre -approval, shall specify the name of the related party, nature, period, maximum amount of transaction that can be entered into, the indicative base price / current contracted price and the formula for variation in the price if any and such other conditions as the Audit Committee may deem fit. Where the need for RPTs 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.

- v. Audit Committee shall review on a quarterly basis, the details of RPTs entered into by the Company or its subsidiary pursuant to each of the omnibus approval given.
- vi. Such omnibus approvals shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.
- vii. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

7) DISCLOSURES: The Company shall comply with the disclosures of RPTs as mandated in Regulation 23(9) of SEBI LODR and other applicable statutory requirements from time to time.

8) REVIEW AND UPDATION OF THIS POLICY

- i. The Board of Directors shall review this Related Party Transaction Policy, at least once every three years and update it accordingly.
- ii. The Managing Director, Chief Operating Officer and Chief Financial Officer are severally authorized to make changes in this policy in line with the statutory modifications/regulations and for smoother implementation from time to time and the same shall be placed before the Board for its approval.

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Date of approval of the policy by the Board of Directors: 05.02.2025

Date of approval of the policy by the Board of Directors: 06.11.2014

Version 1: Amendment approved by the Board of Directors: 09.02.2016

Version 2: Amendment approved by the Board of Directors: 28.01.2020

Version 3: Amendment approved by the Board of Directors: 12-02-2022