**HEXAWARE TECHNOLOGIES LIMITED**

**Related Party Transaction Policy**

1. **Background / Introduction / Objective**

The Companies Bill 2012 received the assent of the President of India on 29 August 2013 and was enacted as the Companies Act, 2013 (“Cos Act 2013”). The Securities and Exchange Board of India (“SEBI”) also revised Clause 49 of the Listing Agreements with stock exchange(s) (“RC 49”) on 17 April 2014 and then further on 15 September 2014 in relation to matters on related party transactions. (Section 188 of the Cos Act 2013 and the rules framed thereunder and RC 49 are referred to as “Regulations” in this document).

Hexaware Technologies Limited (the “Company” or “Hexaware”) would, in ordinary course of business, enter into transactions with its related party/ies. The Board of Directors (the “Board”) of the Company has adopted the following policy on Related Party Transactions as defined below (“RPT Policy”). The Audit Committee and / or the Board will review and may review and / or amend this policy from time to time, as required.

The RPT Policy is prepared to comply with the “Regulations”[[1]](#footnote-1) and is applicable with effect from the prescribed dates under each of the above Regulations.

1. **Definitions**

**“Arm’s length transaction”** means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

**“Audit Committee or Committee”** means “Audit Committee” constituted by the Board of Directors of the Company under the Regulations.

**“Board of Directors” or “Board”** means the Board of Directors of Hexaware, as constituted as per the Regulations.

**“Key Managerial Personnel” or “Key Management Personnel”** means Key Managerial Personnel (‘KMP’) as defined in section 2(51) of the Cos Act 2013 and the Rules made thereunder which include (i) the Chief Executive Officer or the Managing Director or the Manager (ii) the Company Secretary (‘CS’); (iii) the Whole-time Director; and (iv) the Chief Financial Officer and (v) such other officer as may be prescribed.

**“Material related party transactions”** is as defined in Annexure 1 to this policy.

**“Ordinary Course of Business”** means a transaction which is carried out in the normal course of business envisaged in accordance with the Memorandum of Association, Articles of Association or any other applicable factors like market conditions, industry practices etc.

**“Policy”** means Related Party Transaction Policy

**“Related Party” under RC 49 of the Listing Agreement** means an entity which

1. is a related party under Section 2(76) of the Companies Act, 2013; or
2. is a related party under the Accounting Standard 18 (AS 18) “ Related Party Disclosures”

**“Related Party” under Section 2(76) of Cos Act is defined as follows:**

1. a director or his relative;
2. a key managerial personnel or his relative;
3. a firm, in which a director, manager or his relative is a partner;
4. a private company in which a director or manager *or his relative[[2]](#footnote-2)* is a member or director;
5. a public company in which a director or manager is a director *and[[3]](#footnote-3)* holds along with his relatives, more than two per cent of its paid-up share capital;
6. any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
7. any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

1. any company which is—
2. holding, subsidiary or an associate company (includes joint venture) of such company; or
3. subsidiary of a holding company to which it is also a subsidiary;
4. Director, other than an independent director, or Key Managerial Personnel of the holding company or his relative shall be deemed to be related party.*[[4]](#footnote-4)*

**“Related Party” under Accounting Standard 18 is defined as follows:**

1. enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries);
2. associates and joint ventures of the reporting enterprise and the investing party or venture in respect of which the reporting enterprise is an associate or a joint venture;
3. individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual;
4. key management personnel and relatives of such personnel; and
5. enterprises over which any person described in (iii) or (iv) is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

**“Relatives”** under section 2(77) of the Cos Act and the Rules thereunder is defined as follows:

Relative, with reference to any person, means anyone who is related to another, if—

1. they are members of a Hindu Undivided Family;
2. they are husband and wife; or
3. one person is related to the other in such manner as may be prescribed, which is as follows:
	1. Father (including step-father)
	2. Mother (including step-mother)
	3. Son (including step-son)
	4. Son’s wife
	5. Daughter
	6. Daughter’s husband
	7. Brother (including step-brother)
	8. Sister (including step-sister)

“**Related Party Transaction**” (‘RPT’) means all the transactions between the Company on one hand and one or more related party/ parties on the other hand for transfer of resources, services or obligations, regardless of whether a price is charged including contracts, arrangements and transactions as envisaged in Section 188(1) of the Cos Act and/ or RC49 of the Listing Agreement.

1. **Identification of Related parties**
	* On an annual basis, the CS shall request a disclosure from each Director and each KMP and other related party/ parties within the meaning of section 2(76), 184 and 189 of the Cos Act 2013 and RC 49 of the Listing Agreement in the prescribed format as per Annexure 2 giving following details:
2. Names of his / her Relatives;
3. Partnership firms in which he / she or his / her Relative is a partner;
4. Private Companies in which he / she is a member or Director;
5. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
6. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
7. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity)
	* Directors and KMP’s would be responsible for promptly notifying the CS in case of any changes/ updates occurring in the related party/ parties and in respect of details pertaining to such related parties declared by them.
	* Any individual appointed/ elected as a Director or KMP shall be responsible to promptly complete and submit to the CS, the disclosure declaration referred above.
	* The Company should receive such notice of any potential RPT in advance so that the Audit Committee/ Board have sufficient time to review information pertaining to the proposed transaction.
	* The Company Secretary shall be responsible to maintain register of information pertaining to Related Parties reflecting details of –
8. All Directors and Key Managerial Personnel;
9. All individuals, partnership firms, companies and other persons as declared and updated by Directors and Key Managerial Personnel;
10. Company’s subsidiaries, associates and joint ventures (if any);
11. Company’s holding company, subsidiary companies and associate companies;
12. Subsidiaries of holding company;
13. Director or Key Managerial Personnel of the holding company or their Relatives;

The register shall be updated whenever necessary and shall be reviewed at least once a year jointly by the Company Secretary and Chief Financial Officer. The functional / business heads / Chief Financial Officer /Company Secretary/ shall have access to the updated database.

1. **Policy for approval of related party transactions**
	* In terms of this RPT Policy, the Company may enter into any RPT.
	* The RPT Policy will be reviewed, approved and amended from time to time by the Audit Committee and the Board of Directors of the Company.
	* All transactions by the Company with related parties other than those with exempted Wholly Owned Subsidiaries (whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval) shall require prior approval of the Audit Committee as specified in the Regulations. The approval of the Audit committee could be obtained at the meeting or by circular resolution or any other permitted mode.
	* The Audit Committee will lay down the criteria for granting omnibus approvals to repetitive transactions, as envisaged in the Regulations. Such omnibus approvals would be valid for only one year and shall require fresh approval after the expiry of one year.
	* The Audit Committee shall on quarterly basis review the RPT. On an annual basis review the RPT pursuant to each of the omnibus approvals granted.
	* Transactions which are proposed at a variation from the omnibus approval will be place before the audit committee for appropriate action including amending the criteria basis which the omnibus approval was granted or granting a specific approval.
	* All RPTs which are not in Ordinary Course of Business or not at Arm’s Length or both will additionally require prior approval of Board of Directors.
	* All Material RPT as per the Cos Act 2013 or as per the RC 49 (as amended from time to time) which are required to be approved by the shareholders would be putforth for such approval through appropriate shareholder resolution.
2. **Other points:**
	* Disclosures with respect to RPT shall be made as per applicable provisions of the Regulations
	* Every person associated with RPT shall be accountable for complying with this RPT Policy that may be in force from time to time. Director or KMP or any other employee, who had entered into or authorised the contract or arrangement in violation of the RPT Policy and RPT Framework shall be guilty of non‑compliance.
	* In case of breach of this Policy, Audit Committee and/or Board may initiate appropriate action against the person(s) responsible.
	* A person shall not be eligible for appointment as a Director of a Company if he has been convicted of an offence under Section 188 of the Act in respect of RPT at any time during the preceding five years.
	* The Audit Committee of the Company, subject to supervision of the Board, shall be the Competent Authority for investigating and taking appropriate actions / steps for prevention or remedy of any breach and / or defaults in complying with this Policy. Any disciplinary action taken by the Audit Committee shall be in addition to the penal provisions of the Regulations.
	* This RPT Policy is framed based on the Regulations prevailing on the Policy date. Any subsequent changes in the Regulations, which make any of the provisions of the RPT Policy inconsistent, the provisions of the Regulations, would prevail over the RPT Policy and the relevant provisions of the RPT Policy would be amended / modified in due course so as to make it consistent with the Regulations.

**Annexure 1 – Material related party transaction**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sl. No.** | **Prescribed Transaction****Category** | **Companies Act 2013** | **Clause 49 of Equity Listing Agreement** |
| **(Lower of the two thresholds)** |
| 1 | Sale, purchase or supply of any goods or materials directly or through agents | Transactions exceeding 10% of company’s annual turnover\* or 100 crore, whichever is lower\*\* | Exceeding 10% of the annual consolidated turnover of the company as per the last audited financial statements of the company |
| 2 | Selling or otherwise disposing off, or buying, property of any kind directly or through agents | Transactions exceeding 10% of company’s net worth\* or 100 crore, whichever is lower\*\* |
| 3 | Leasing of property of any kind | Transactions exceeding 10% of company’s net worth\* or 100 crore, whichever is lower\*\* |
| 4 | Availing of or rendering any services directly or by appointing agents | Transactions exceeding 10% of company’s net worth\* or 50 crore, whichever is lower\*\* |
| 5 | Related party’s appointment to any office or place of profit in the Company or its subsidiary company or associate company | Monthly remuneration exceeding INR 0.25 million (per month) |
| 6 | Underwriting the subscription of any securities or derivatives thereof of the company | Transactions exceeding 1% of Company’s net worth\* |
| 7 | Any other related party transaction  | N.A. |

\* The Turnover or Net worth referred above shall be computed on the basis of the Audited Financial Statements of the preceding financial year

\*\* Applies to transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year

**Annexure 2**

Notice of Interest by Director and Key Managerial Personnel

[Pursuant to Section 184(1) and rule 9(1)]

To,

**The Board of Directors**

**HEXAWARE TECHNOLOGIES LIMITED,**

Building No. 152, Millennium Business Par,

Sector III, ‘A’ Block, TTC Industrial Area,

Mahape, Navi Mumbai – 400 710.

Dear Sir(s),

I \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Son/daughter/spouse of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ resident of \_\_\_\_\_\_\_\_\_\_\_\_\_holding\_\_\_\_\_\_\_\_\_\_\_\_ shares in the Company, being a director/CEO/Chief financial Officer/ Company Secretary in the Company hereby give notice of my interest or concern directly / through my relatives:

1. in the following company or companies, bodies corporate, firms or other association of individuals:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Sl. No. | Names of companies/bodies corporate/firms/association of individuals | Nature of interest or concern / change in interest or concern | Shareholding | Date on which interest or concern arose / changes |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

1. The Following are the bodies corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions;

|  |  |
| --- | --- |
| Sl. No. | Names of companies/bodies corporate |
|  |  |
|  |  |

1. List of relatives

|  |  |  |
| --- | --- | --- |
| **Relationship** | **Name and address** | **Shareholding in Hexaware** |
| Members of a Hindu undivided family;  |  |  |
| Husband or wife;  |  |  |
| Father (including step-father);  |  |  |
| Mother (including step-mother);  |  |  |
| Son (including step-son);  |  |  |
| Son’s wife;  |  |  |
| Daughter;  |  |  |
| Daughter’s husband;  |  |  |
| Brother (including step-brother); or  |  |  |
| Sister (including step-sister). |  |  |

1. I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity).

|  |  |  |
| --- | --- | --- |
| Sl. No. | Names of individual | Relationship |
|  |  |  |
|  |  |  |

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

CEO/MD/Director/CFO/Secretary

Place:

Date:

1. RPT transactions which require compliance with other provisions of the Cos Act 2013 (other than Section 188 of the Cos Act 2013, RC49 or any other applicable laws will be carried out by the Company and are not subject matter of this policy. [↑](#footnote-ref-1)
2. As per The Companies (Removal of Difficulties) Sixth Order, 2014 dt. 24 July 2014 [↑](#footnote-ref-2)
3. As per The Companies (Removal of Difficulties) Fifth Order, 2014 dt. 9 July 2014 [↑](#footnote-ref-3)
4. As amended by Companies (Specification of definition details) Rules, 2014 [↑](#footnote-ref-4)