



ADC INDIA COMMUNICATIONS LIMITED
POLICY ON RELATED PARTY TRANSACTIONS

(Modified and effective May 27, 2025)

1. INTRODUCTION

The Board of Directors ("the Board") of ADC India Communications Limited ("the Company") has adopted this Policy with regard to Related Party Transactions and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions ("Policy") in compliance with the requirements of Section 188 of the Companies Act, 2013 ("the Act") and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

2. OBJECTIVES

This policy intends to ensure necessary and timely identification, approval, disclosure and reporting of transactions between the Company and its Related Parties in compliance with the laws and regulations applicable to the company.

3. DEFINITIONS

"Audit Committee" means the committee constituted by the of the Board of Directors in accordance with the provisions prescribed under the Act and the Listing Regulations.

"Arm's Length Transaction" means a transaction between two related parties that is conducted as if they were unrelated, so there is no conflict of interest.

"Associate company", in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

"Holding Company", in relation to one or more other companies, means a company of which such companies are subsidiary companies.

Significant influence for the purpose of the above definition shall mean control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement.

"Control" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner

"Key Managerial Personnel" in relation to a company, means-

- i. The Chief Executive Officer or the Managing Director or the Manager;
- ii. The Company Secretary;
- iii. The Whole-time Director;
- iv. The Chief Financial Officer;



- v. Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- vi. Such other officer as may be prescribed.

“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. 1,000 crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) 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 Company as per the last audited financial statements of the Company.

“Material modification to a Related Party Transaction” means any modifications for an amount more than 10 percent to a Related Party Transaction which has already been approved by the shareholders, Board or Audit Committee, as the case may be.

In addition to the above, the Audit Committee may from time to time and based on the facts of particular matter(s) in hand, take a decision whether the modification in any terms and conditions of an existing Related Party Transaction would tantamount to be a material modification and thus requisite approvals may be required for the modification of the said transaction.

“Ordinary course of business” means a usual transaction if it is entered into in relation to provisions of goods or services in which the Company regularly deals or where the transaction in respect of goods or services in which the counter party normally deals, and the Company repeatedly enters into such transactions for the purpose of its business or the transaction is necessary, normal and incidental to business. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practice and guidelines.

“Related Party” means a person or entity that is related to the Company. Parties are related if one party has the ability to control the other party or exercise significant influence over the other party directly or indirectly in making the financial and/or operating decisions and includes:

- i. a Director or his Relative;
- ii. a Key Managerial Personnel or his Relative;
- iii. a Firm, in which a Director, Manager or his relative is a partner;
- iv. a Private Company in which a Director or Manager or his relative is a Member or Director;
- v. a Public Company in which a Director or Manager is a Director and holds along with his relatives, more than two per cent of its paid-up share capital;
- vi. 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;
- vii. 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.

- viii. any company which is—
- a. a holding, subsidiary or an associate company of the Company; or
 - b. a subsidiary of a holding company to which the Company is also a subsidiary;
 - c. an investing company or venture of the Company
- (For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate).
- ix. A director (other than an independent director) or key managerial personnel of the holding company or his relative with reference to a Company, shall be deemed to be a related party.
- x. any person or entity that is classified as the promoter or promoter group of the Company;
- xi. 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 section 89 of the Act, at any time, during the immediate preceding financial year.
- xii. Any other persons as may be prescribed under the Act or as defined under the applicable accounting standards.

“Related Party Transaction” means any transaction involving transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged as ascribed under Regulation 2 (zc) of Listing Agreement.

Explanation—A “transaction” with a related party shall be construed to include single transaction or group of transactions in a contract.

“Relative” with reference to any person, means anyone who is related to another, if –

- i. they are members of a Hindu Undivided Family;
- ii. they are husband and wife; or
- iii. one person is related to the other in the following manner:
 - a. Father (including stepfather)
 - b. Mother (including stepmother)
 - c. Son (including stepson)
 - d. Son’s wife
 - e. Daughter
 - f. Daughter’s husband
 - g. Brother (including stepbrother)
 - h. Sister (including stepsister).

“Subsidiary Company” or **“Subsidiary”**, in relation to any other company (that is to say the holding company), means a company in which the holding company—(i) controls the composition of the Board of Directors; or (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:



Explanation- for the above purposes-

- a. company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company.
- b. the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors.
- c. the expression "company" includes any body corporate.

Any terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act, Listing Regulations and the Indian Accounting standards, as amended from time to time.

4. IDENTIFICATION OF RELATED PARTIES AND RELATED PARTY TRANSACTIONS

4.1 Identification of Related Parties

Every director and key managerial personnel of the Company shall disclose to the Company requisite information about his/her relatives and all companies, firms, body corporates and other entities in which such director or key managerial personnel are interested (together with their interest/holding thereunder), whether directly or indirectly, who/which would be categorized as a Related Party to the Company. The information shall be submitted to the Company (i) at the time of appointment of such a person to office; and (ii) at the first meeting of the Board held every financial year, subject to immediately intimating the Company of any modification/variation to the information provided.

Further, based on the group structure of ADC India Communications Limited, and investments made by or in ADC India Communications Limited, the Audit Committee and the Board should determine whether any entity would be a Related Party.

4.2 Identification of Related Party Transactions

Before the start of each financial year, the Company shall identify a list of 'Related Parties' in accordance with definition given in Listing Regulations containing the names of individuals and entities. The identification should be carried out based on the disclosures received from Directors / Key Managerial Personnel / Shareholders of the Company and by reviewing the shareholding, the Group structure including holding company and fellow subsidiaries of the Company.

The list of related parties should be reviewed quarterly jointly by the Chief Financial Officer and Company Secretary. Any changes in the list during the financial year shall be made as and when the Company receives information in this regard from the Directors, Key Managerial Personnel and change in the Group Structure.

Each Director and Key Managerial Personnel of the Company is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transactions involving him/her or his/her relative, including any additional information about the transaction that the Board or Audit Committee may request.



5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

A. Approval of Audit Committee

- a. All Related Party Transactions and subsequent material modifications thereof shall be subject to prior approval of the Audit Committee. Only those members of the Audit Committee, who are independent directors, shall approve Related Party Transactions.

The Audit Committee shall be provided with the requisite information as may be specified in the Listing Regulations.

While considering any transaction, the Committee shall take into account all relevant facts and circumstances 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.

Prior to the approval, the Committee shall, inter-alia, consider the following factors to the extent relevant to the transaction:

- Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis.
 - The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any.
 - Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
 - Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.
- b. Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length basis, would require approval of the Board or of shareholders, as detailed in subsequent paragraphs.
 - c. A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for consideration, and ratification, if appropriate.

B. Approval of Board of Directors

All transactions with related parties which are either not in the ordinary course of business or are not at Arm's Length shall require prior approval of the Board of Directors.

In addition to the above, the following kinds of transactions with related parties shall also be 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 decided to refer the same to the Board for approval.
- Transactions which are in the ordinary course of business and at arm's length but which as per the Audit Committee requires Board approval.
- Material related party transactions and any subsequent material modification to a Related Party Transaction, which are intended to be placed before the shareholders for approval.

Information such as nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction and any other information the Board may deem important/relevant for taking decisions on proposed transactions shall be provided to the Board.

Any member of the Board who has a potential interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting on the approval of the Related Party transaction.

C. Approval of Shareholders

All Material Related Party Transactions and any subsequent Material Modification to a Related Party Transaction, shall require prior approval of the shareholders through Resolution and no related party shall vote to approve such resolutions whether the entity is a related party to a particular transaction or not. The Notices to be sent to the Shareholders to seek approval for a Material Related Party Transaction shall provide requisite information for each such transactions as specified under both Listing Regulation and the Act.

In addition to the above, all kinds of transactions with related parties covered 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 Companies (Meeting of Board and its Powers) Rules, 2014 or in this Policy, shall require prior approval of the shareholders through resolution.

6. OMNIBUS APPROVAL BY AUDIT COMMITTEE

In the case of frequent / regular / repetitive transactions which are in the normal/ordinary course of business of the Company, the Audit Committee may grant standing pre-approval / omnibus approval. While granting such approval, the Audit Committee shall satisfy itself of the need for omnibus approval and that the same is in the interest of the Company.

The omnibus approval shall specify the following:

- a. Name of the related party
- b. Nature of the transaction
- c. Period of the transaction
- d. Maximum amount of the transactions that can be entered into
- e. Indicative base price / current contracted price and formula for variation in price, if any
- f. Such other conditions as the Audit Committee may deem fit.



Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require prior approval of the Audit Committee.

Further, where the need for the related party transaction cannot be foreseen and all prescribed details are not available, the Audit Committee may grant omnibus approval subject to the value per transaction not exceeding Rs.1,00,00,000/- (Rupees One Crore only). The details of such a transaction shall be reported at the next meeting of the Audit Committee for ratification.

The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions and Material modifications thereof, entered into by the Company pursuant to the omnibus approval.

The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

The management proposal for related party transactions will include all material particulars of the proposed transaction and a detailed analysis and justification / rationale for entering into a related party transaction as compared to a transaction with a non-related party.

The proposal will also state whether the transaction is of a routine nature or a one-off transaction.

In each case, the management proposal will include analysis as to whether the transaction price is at an arm's length. The proposal may be supported by any third-party evaluation or certification on that behalf.

7. RATIFICATION OF RELATED PARTY TRANSACTIONS

In the event the Company becomes aware of a Transaction with a Related Party which is not under omnibus approval or otherwise pre-approved by the Audit Committee, the details of such transactions may be placed before the Audit Committee for ratification. The members of the audit committee, who are independent directors, may ratify such related party transactions within 3 (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 Rs. 1 crore;
- (ii) the transaction 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 to the stock exchanges in terms of the provisions of regulation 23(9) of SEBI Listing Regulations, 2015;
- (v) any other condition as specified by the audit 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 continuation, 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 failure of the internal control systems and shall take any such action it deems appropriate.

The 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.

8. DETERMINATION OF ARM'S LENGTH

The Company adopts generally accepted practices and principles in determining whether the transaction is at 'arm's length'. In the absence of any definition, the Company may refer to guidance given in Income Tax Laws, Customs Laws, EXIM laws, etc.

Determining arm's length price ('ALP') is a matter of judgement and it shall be assessed on case-by-case basis depending upon the facts and circumstances in each case.

The following are some of the information that may be used to determine arm's length basis analysis such as:

- Prices charged by the Company to other third-party unrelated parties.
- Third party comparable commercial offers / quotations.
- Market analysis, research report, industry trends, business strategies, etc.
- Management assessment of pricing terms and business justifications for the proposed transaction.
- Comparative analysis, if any, of other such transactions entered into by the Company.
- All related party transactions should be adequately supported by contracts / purchase order / work order or sales order and documentation to justify ALP.
- If ALP cannot be justified for any transaction, then approval should be taken from the Board and shareholders as required under the Act.

9. THRESHOLD LIMITS FOR DEALING WITH RELATED PARTIES

As required under Regulation 23(1) of the Listing Agreement, the Company has fixed the following materiality threshold limits, beyond which approval of the shareholders through resolution will be required except for the transactions exempted pursuant to the proviso to Regulation 23(4) of the Listing Agreement:

- Payment to a Related Party with respect to brand usage or royalty – 5% of the annual consolidated turnover of the Company as per its last audited financial statements
- Other transactions with a Related Party – INR 1,000 crores or 10% of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower.



10. EXCEPTIONS

- a. Remuneration and sitting fees paid by the Company 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.
- b. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
- c. 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.

11. DISCLOSURE

Details of Related Party Transactions required to be disclosed as specified under the Act will be disclosed in the Board's Report to the shareholders.

This Policy will be uploaded on the website of the Company and the web-link to the Policy shall be provided in the Annual Report of the Company.

The Policy will be communicated to all operational employees and other concerned personnel of the Company.

The Company shall submit every 6 months on the date of publication of its standalone and consolidated financial results for the half year ended, disclosures of related party transactions on a consolidated basis, in the specified format, to the stock exchanges and publish the same on its website.

12. LIMITATION AND AMENDMENT

The requirements, conditionality's, thresholds and compliance obligations under the Act and Regulation 23 of Listing Regulations are independent and separate, and each of these requirements would have to be independently evaluated, determined and fulfilled, and the Audit Committee, the Board and the Company shall have due regard to the same.

In case of any subsequent changes in the provisions of the Act or Listing Regulations, which makes any of the provisions in the Policy inconsistent with the Act or Listing Regulations, such provisions of the Act or Listing Regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with the prevailing law. Any subsequent amendment/modification in the Act or Listing Regulations in this regard shall automatically apply to this Policy.

13. POLICY REVIEW

This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to changes in the Act or Listing Regulations or as may be felt appropriate by the Audit Committee. The Board may review this Policy periodically (and at least once every three years) and make amendments from time to time, as may be deemed necessary.
