

BRIGHTCOM GROUP LIMITED

(formerly LYCOS INTERNET LIMITED)

POLICY ON RELATED PARTY TRANSACTIONS

**Revised policy Approved by Audit Committee and Board of Directors Meeting held on
12th February 2019 (w.e.f from April 01, 2019)**

1. Introduction

Related Party Transaction policy is framed as per requirement of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 {SEBI (LODR) Regulations, 2015} and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties.

The Audit Committee and Board of Directors (the “Board”) of Brightcom Group Limited has adopted the following policy and procedures with regard to Related Party Transactions as defined below.

This Policy applies to transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

2. Definitions

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company.

“**Board**” means Board of Directors of the Company.

“**Key Managerial Personnel**” means key managerial personnel as defined under the Companies Act, 2013 and the Rules made thereunder.

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

such other officer as may be prescribed.

“**Policy**” means Policy on Related Party Transactions of the Company.

“**Related Party**” means a person or an entity:

A. as defined under section 2(76) of the Companies Act, 2013 i.e.

(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 is a member or director;

(v) a public company in which a director or manager is a director or holds along with his relatives, more than two per cent. of its paid -up share capital;

(vi) anybody 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 such company; or

(b) a subsidiary of a holding company to which it is also a subsidiary;

(ix) such other person as may be prescribed under the Companies Act, 2013 and the Rules framed thereunder

OR

B. which is a related party under the applicable accounting standards.

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

“Related Party Transaction” means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a Related party, regardless of whether a price is charged.

“Relative” means relative as defined under the Companies Act, 2013 and includes anyone who is Related to another, if –

- i. They are members of a Hindu undivided family;
- ii. They are husband and wife ; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son’s wife
- vii. Daughter
- viii. Daughter’s husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

“Transaction” with a Related party shall be construed to include a single transaction or a group of transactions.

“Material Related Party Transaction” means

A transaction with a related party shall be considered as “material related party transaction 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 Company as per the last audited financial statements or such as may be prescribed under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time.

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 two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Arms Length basis” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arm’s Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act 1961.

“Associate Company” means any other company, in which the Company has a significant influence but which is not a Subsidiary company of the Company having such influence and includes a joint venture company.

Explanation –for the purposes of this clause, ‘significant influence means Control of at least twenty per cent of total share capital, or of business decisions under an agreement.

The words or expressions used but not defined herein, but defined under Companies Act, 2013 or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall have the same meaning assigned therein.

3. Policy

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy. All material Related Party Transactions should be approved by the shareholders of the Company.

This policy (including the thresholds) shall be reviewed by the Board of Directors atleast once in three years and/or as and when required and updated accordingly.

3.1. Identification of potential Related Parties:

- i. All the companies in Brightcom Group will be considered as Related Parties.
- ii. Key Managerial Personnel and other related parties as defined under Companies Act, 2013.

All the Directors and Key Managerial Personnel shall disclose to the Company the details of Related Parties.

3.2 Review and approval of Related Party Transactions

Audit Committee:

Every Related Party Transaction shall subject to the provisions of the Companies Act, 2013 and the Rules framed thereunder read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 be subject to the prior approval of the Audit Committee whether at a meeting or by Resolution by Circulation. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the Company which are repetitive in nature and are in the ordinary course of business and on at Arm’s Length basis, subject to compliance of the conditions contained in SEBI (LODR) Regulations, 2015.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.

A member of the Committee who (if) has a potential interest in any Related Party Transaction shall remain abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.

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.

To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions and/or as prescribed under the Companies Act, 2013 and Rules thereunder, and the SEBI (LODR) Regulations, 2015.

3.3 Omnibus Approval:

Audit Committee may grant omnibus approval for Related Party Transactions which are in are repetitive in nature.

1. The Audit Committee may, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that are repetitive in nature, subject to the following conditions:
 - i. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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 audit committee may deem fit.
2. The Audit Committee may also, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that cannot be foreseen and for which the aforesaid details are not available up to a value of Rs.1 crore per transaction.
3. The Audit 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.

Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

4. As stated in the provisions of Regulation 23 (5) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the provisions of sub-regulations (2), (3) and (4) of the Regulation 23 (pertaining to prior approval of the Audit Committee) shall not be applicable where the transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
5. In the event any contract or arrangement with a related party 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 contract or arrangement.

APPROVAL BY THE BOARD

If the Committee requires /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 Board shall consider and approve the Related Party Transaction and 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.

APPROVAL BY THE SHAREHOLDERS:

All the Material Related Party Transactions shall require approval of the shareholders through a resolution and the Related Party/ies with whom transaction is to be entered shall abstain from voting on such resolution.

All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders through special resolution if so required under any law and the Related Parties shall abstain from voting on such resolution.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a 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 may examine the facts and circumstances of the case and take any such action it deems appropriate.

The Company while entering into any Related Party Transaction shall ensure that such Related Party Transaction is in the best interest of the Company and adheres to this Policy.

Disclosures

- i. Details of all material transactions with Related Parties shall be disclosed to stock exchanges quarterly along with the compliance report on corporate governance.
- ii. The Company shall disclose the policy on dealing with Related Party Transactions on its website and web-link shall be provided in the Annual Report.

Amendments in Law

Any subsequent amendment/modification in the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and /or other applicable laws in this regard shall automatically apply to this policy.

Scope and Limitation

Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.