



L&T Technology Services Limited

RELATED PARTY TRANSACTIONS POLICY

PREAMBLE:

L&T Technology Services Limited (“LTTS” or “the Company”) has always been committed to good corporate governance practices. The Company is promoted by Larsen & Toubro Limited. The Company and its Group is professionally managed and has good corporate governance and internal control systems.

The Board of Directors (“the Board”) of the Company understands the importance of stakeholder’s confidence and trust in the Company. In order to preserve the same with transparency and to ensure that there is no conflict of interest inflicting any apprehension in the minds of its stakeholders, the Board of the Company, acting upon the recommendation of its Audit Committee (“the Committee”), has adopted the following policy and procedures with respect to Related Party Transactions of the Company.

PURPOSE:

The policy is not only to be in the best interests of its stakeholders but also in due compliance with the requirements of the Companies Act, 2013. This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time. This policy therefore lays down the mechanism to deal with Related Party Transactions.

DEFINITIONS:

“Act” means the Companies Act, 2013.

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

“Material transactions” would mean related party transactions as defined under Rule 15 (3) of the Companies (Meetings of Board and its Powers) Rules, 2014 requiring shareholder’s approval.



“Related Party” is a party as defined in sub-section (76) of section 2 of the Act.

“Related Party Transaction” or “RPT” means transactions as given under clause (a) to (g) sub-section (1) of section 188 of the Act. These include sale, purchase, leasing or supply of goods or property, availing / rendering of any services, appointment of agents for any of the above and underwriting of securities.

POLICY:

All RPT’s should be referred to the Audit Committee of the Company for approval with effect from July 15, 2016, irrespective of its materiality. The Audit Committee shall also approve any subsequent modification of RPT’s. The onus will be on Finance & Accounts to refer RPT or potential RPT’s to the Audit Committee. The Audit Committee shall consider the following while determining approval to an RPT –

- Nature of relationship with related party;
- Nature, material terms, monetary values and particulars of the contract or arrangement;
- Method and manner of determining the pricing and other commercial terms;
- Whether the transaction is at arm’s length; and
- Any other information relevant or important for the Audit Committee / Board to take a decision on the proposed transaction.

Any changes in the policy on account of regulatory requirements will be reviewed and approved by the Audit Committee and the Board. The Audit Committee / Board will give suitable directions / guidelines to implement the same.

APPROVAL OF TRANSACTIONS:

The Audit Committee, will approve certain transactions with related parties which would occur on regular basis or at regular intervals. The Audit Committee shall at the end of each year appraise the position of the approved transactions to



ensure that all necessary requirements are being complied with.

It has been decided that any charge for sale/purchase of products, goods, etc. or availing/rendering of services in the normal course of business would be levied upon the wholly owned subsidiaries at cost and upon others at cost plus appropriate margin. The F&A Head will bring the deviations to the Audit Committee / Board for ratification.

The Board will approve all RPT's which are not at arm's length and / or which are not in the ordinary course of business.

PROCEDURE

All material transactions would require approval of the shareholders, based on recommendation of the Board, through resolution passed at the general meeting. None of the parties concerned or having interest in the transaction, directly or indirectly, should vote on resolution for such transaction.

If the Audit Committee or its Chairperson or the Chief Financial Officer determines that a RPT should be referred to the Audit Committee or if the Audit Committee in any case elects to review any such matter, the Audit Committee will review and approve the contracts / arrangements / transactions, including modifications.

DISCLOSURE

Appropriate disclosures as required under the Act will be made in the Annual Return and Board's Report.