

SCANDNET IMAGING LIMITED
RELATED PARTY TRANSACTIONS
Policy & Procedures

I. PREBEMLE :

The Board of Directors (“the Board”) of Scandent Imaging Limited (“Company”) has adopted this policy with regard to Related Party Transactions (RPT) as defined below, in compliance with the requirements of Section 188 of the Companies Act, 2013 and Rules made thereunder and any subsequent amendments thereto (the “Act”) and Clause 49 Listing Agreement with the Stock Exchange, in order to ensure the transparency and procedural fairness of such transactions.

II. DEFINATIONS:

- 1) “**Arm’s 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.
- 2) “**Audit Committee or Committee**” means the Committee of the Board constituted from time to time under the provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.
- 3) “**Board**” means the Board of Directors of the Company.
- 4) “**Company**” means Scandent Imaging Limited.
- 5) “**Director**” means a person as defined in Section 2(34) of the Companies Act, 2013.
- 6) “**Key Managerial Personnel**” means Key Managerial Personnel as defined under the Companies Act, 2013.
- 7) “**Material Related Party Transaction**” means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013 or the Listing Agreement, whichever is stricter, from time to time.
- 8) “**Related Party**” a means related party as defined under the Companies Act, 2013 read with Clause 49 of the Listing Agreement and as amended from time to time

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- 9) **“Related Party Transaction”** means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged and includes –
- a. Sale, purchase or supply of any goods or materials;
 - b. Selling or otherwise disposing of, or buying property of any kind;
 - c. Leasing of property of any kind;
 - d. Availing or rendering of any services;
 - e. Appointment of any agent for the purchase or sale of goods, materials, services or property;
 - f. Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
 - g. Underwriting the subscription of any securities or derivatives thereof, of the Company;
 - h. Financing (including loans and equity contributions in cash or kind);
 - i. Providing or obtaining guarantees and collaterals; and
 - j. Deputation of employees.

(The above is an indicative list and not an exhaustive one).

- 10) **“Relative”** means with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder.

- 11) **“Ordinary Course of Business”** means Ordinary course of business shall include the usual transactions, customs and practices of the company, or transactions permitted by the Object Clause in the Memorandum of Association of the Company, or transactions that are considered while computing the business income /revenue / turnover of the Company as opposed to “income from other source

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities Contract Regulation Act or any other applicable law or regulation.

III. EFFECTIVE DATE:

This policy will be applicable with effect from 1st October, 2014.

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IV. SCOPE:

Transactions covered by this policy include any contract or arrangement with a related party with respect to transactions defined under “Related Party Transaction”.

Provided that any transactions entered into by the Company with a Related Party in its ordinary course of business and on an arm’s length basis shall not require any approval of the Audit Committee/ Board of Directors of the Company except in the case of Material Transactions, which shall be subject to prior approval of the Audit Committee. Provided further that, any transaction entered into by the Company with Related Party in its ordinary course of business and on an arm’s length basis, except Material Transactions for which proper procedure shall be followed as provided under this Policy, shall be periodically disclosed to the Board.

V. PROCEDURE:

(i) Audit Committee:

All the related party transaction shall require prior approval of the Audit Committee. However, the Audit committee may grant omnibus approval for in respect of such transaction which are repetitive in nature and in ordinary course of business or at Arm’s Length basis.

The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company.

Such omnibus approval shall specify:

- (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
- (ii) the indicative base price / current contracted price and the formula for variation in the price if any and

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(iii) such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction 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

Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.

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

The Audit Committee will have the discretion to recommend / refer any matter relating to the Related Party Transaction to the Board for the approval.

(ii) Board of Directors:

If the Committee is of the opinion that a Related Party Transaction should be bought before the Board or if the Board is of the such opinion that a Related Party Transaction be reviewed by the Board or it is mandatory under any law for the Board to approve the Related Party Transaction then the Board shall consider and approve the Related Party Transaction.

(iii) Shareholders:

The following transaction shall require prior approval of the shareholders through special resolution:

- Transactions not in the ordinary course of business;
- Transactions in the ordinary course of business if not done at an arm's length or
- Material Transactions as defined under clause 49 (VII) (C) of the Listing Agreement.

The Related Parties shall abstain from voting on such resolution.

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(iv) Guideline for Audit Committee/ Board for determining Related Party Transaction:

In determining whether to approve a Related Party Transaction the Committee/ Board will consider, inter alia, the following factors to approve a Related Party Transaction:

- a. Whether the terms and conditions of the Related Party Transaction are fair and on an Arms' Length basis to the Company and are in the ordinary course of business of the Company;
- b. Whether there are compelling business reasons for the Company to enter into the Related Party Transaction as against the normal transactions;
- c. Whether the Related Party Transaction would affect the independence of an independent director;
- d. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of, or in connection with, the proposed transaction;
- e. Whether the Related Party Transaction would amount to 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, Executive Officer or other Related Party, nature of direct or indirect interest of directors, Key Managerial Personnel or other Related Party in the transaction and the ongoing nature of any proposed relationship and such other aspects as may be deemed relevant to the Committee;
- f. If the Committee determines that a Related Party Transaction should be brought before the Board or if the Board itself elects to review any such matter or it is mandatory under any law for the Board to approve such Related Party Transaction, then the criteria set out above shall also apply to the Board's review and approval of the matter with such modifications as may be necessary or appropriate under the circumstances.

(v) Disclosures

Details of all the material transactions with the related parties shall be disclosed on the website of the Company as well as the Annual Report.

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VI. RELATED PARTY TRANSACTION NOT APPROVED UNDER THIS POLICY

If the Company comes across any Related Party Transaction 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 the facts and circumstances of the Related Party Transaction and shall ratify, modify or terminate the Related Party Transaction. The Committee shall take such action as deems fit.
