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1. **PREAMBLE**

The Board of Directors (the “Board”) of **KELLTON TECH SOLUTIONS LIMITED** (the “Company”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time.

This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable on the Company.

2. **PURPOSE**

This policy is framed as per the requirements of Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modification(s) / amendment(s) / re-enactment(s) thereof (“**SEBI LODR**”), ISN and in terms of Section 188 of the Act and is intended to comply with the requirements of requisite approvals, disclosures and reporting of transactions between the Company and its Related Parties.

3. **DEFINITIONS**

“**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

“**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. For determination of Arm’s Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company under provisions of SEBI LODR and Act as amended from time to time.

“**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 purpose of this clause

“significant influence” means control of at least twenty per cent of total share capital, or business decisions under an agreement.

“**Board of Directors**” or “**Board**” means the Board of Directors of the Company, as constituted from time to time.

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“ISN” means Industry Standards on “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions”, including any modification(s) / amendment(s) / re-enactment(s) thereof.

“Material Related Party Transaction” in terms of SEBI LODR means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year, if exceeds the following thresholds:

Consolidated Turnover of Listed Entity	Threshold
(I) Up to Rs. 20,000 Crore	10% of the annual consolidated turnover of the Company
(II) More than Rs. 20,000 Crore to upto Rs. 40,000 Crore	Rs. 2,000 Crore + 5% of the annual consolidated turnover of the Company above Rs. 20,000 Crore
(III) More than Rs. 40,000 Crore	Rs. 3,000 Crore + 2.5% of the annual consolidated turnover of the Company above Rs. 40,000 Crore or Rs. 5,000 Crores, whichever is lower

**Explanation:** For the purpose of computing the thresholds stated above, the annual consolidated turnover of the Company shall be determined based on the last audited financial statements

“Material Modification” in terms of SEBI LODR means any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% (twenty per cent.) or more, in the relevant previously approved related party transaction.

“Policy” means Related Party Transaction Policy.

“Related Party” means related party as defined under Section 2(76) of Act and the rules framed thereunder or under the applicable accounting standards:

The following shall also be treated as the Related Party –

- a) all persons or entities forming part of promoter or promoter group (including entities over which the promoter or promoter group may have control or significant influence) irrespective of their shareholding;
- b) any person/entity holding equity shares in the listed entity, either directly or on a beneficial

interest basis at any time during the immediately preceding financial year to the extent of 10% or more.

**“Related Party Transaction (“RPT”)**

**As per Section 188 of Companies Act 2013 RPT means:**

- 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 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; and
- g) underwriting the subscription of any securities or derivatives thereof, of the company:

**As per Regulation 2(1)(ZC) RPT** means transaction involving transfer of resources, services or obligations regardless of whether a price is charged.

The RPT shall include transactions between:

- a. the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
- b. the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries.

**Explanation:** A “transaction” with a Related Party shall be construed to include single Transaction or a group of transactions in a contract.

**4. POLICY**

All Related Party Transactions where the Company is a party to such transactions, must be reported to the Audit Committee and referred for approval by the Committee in accordance with this policy.

**5. PROCEDURES**

**A. IDENTIFICATION OF RELATED PARTY TRANSACTIONS**

- a. The Company shall identify Related Parties (including those of its subsidiaries), as per requirement of Act and SEBI LODR and keep the related party list updated from time to time;

- b. Every director, Key Managerial Personnel (KMPs) and promoters shall at the beginning of the financial year provide information by way of written notice to the Company regarding their concern or interest in the entity with specific concern to parties which may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per Act and SEBI LODR.
- c. Directors, KMPs and promoters are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party, as per Act and SEBI LODR. Every director, KMP and promoter shall also be required to immediately intimate (within not more than 7 days) to the Company Secretary, any change (addition or deletion) to previously provided disclosure of concern or interest in any entity or list of relatives.
- d. The identified Related Parties shall be tagged in SAP or equivalent accounting system of the Company or its subsidiaries.
- e. Further, before any new vendor/customer is on boarded into the SAP or equivalent system of the Company or its subsidiaries, as a part of vendor/ customer due diligence process, it shall also be checked from (i) the list of related parties so prepared and (ii) the promoter group, whether the new vendor/customer is a related party and if so, it shall be tagged as Related Party in the system.
- f. The Company will identify potential transactions with Related Parties based on written notices of concern or interests received from its Directors / Key Managerial Personnel / Promoters as well as based on the list of related parties of the Subsidiary Companies, in the manner prescribed in Act and the rules thereunder and SEBI LODR, as amended from time to time.
- g. The Audit Committee shall identify related party transactions in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the SEBI Listing Requirements. The Audit Committee shall determine whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Audit Committee may seek external professional opinion, if necessary.

## **B. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION**

### **AUDIT COMMITTEE**

- a. Every Related Party Transaction and subsequent Material Modifications shall be subject to the prior approval of the Audit Committee.  
Only members of the Audit Committee, who are independent directors, shall approve related party transactions.
- b. The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23(3) of

the Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year

- c. The Company shall, while placing any proposed Related Party Transaction before the Committee for review and approval, provide the information in the format specified in the ISN and such other information as may be called for by the Audit Committee:

The ISN shall not be applicable to:

- a) Transactions exempted under Regulation 23(5) of the SEBI LODR; and
- b) Quarterly review of RPTs by the Audit Committee in terms of Regulation 23(3)(d) of SEBI LODR.
- c) Transaction(s) with a related party to be entered into individually or taken together with previous transactions during a financial year (including which are approved by way of ratification) do not exceed rupees one crore.

The omnibus approval shall be valid for a period of one year from the date of approval.

Where the need for related party transaction(s) cannot be foreseen and specific details are not available, audit committee may grant omnibus approval for such transaction(s), subject to value of such transactions not exceeding rupees one crore per transaction.

- d. The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.
- e. Prior approval of the Audit committee shall be required for:
- I. All RPTs and subsequent Material Modifications;
  - II. A related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of the Company is a party but the Company is not a party, if the value of such transaction, exceeds the lower of the following:
    - ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
    - the threshold for Material Related Party Transaction.

In the event of a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a Company is a party but the Company is not a party and such subsidiary does not have audited financial statements for a period of at least one year, if the value of such transaction exceeds the lower of the following:

- ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or

- the threshold for Material Related Party Transactions of the Company.

Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.

Provided that prior approval of the Audit Committee of the Company shall not be required for RPTs where a listed subsidiary of the Company is a party but the Company is not a party, if regulation 23 and 15 (2) of SEBI LODR are applicable to such listed subsidiary.

- f. Notwithstanding anything to the contrary in this Policy, the members of the Audit Committee, who are independent directors, may ratify related party transactions within 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 rupees one crore;
  - ii) the transaction is not material in terms of the provisions of Regulation 23(1) of SEBI LODR;
  - 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 in terms of the Regulation 23(9) of SEBI LODR;
  - v) any other condition as specified by the Audit Committee:

Provided that 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 party related to any director, key managerial personnel and promoters, or is authorised by any other director, key managerial personnel and promoters, the concerned director, key managerial personnel and promoters shall indemnify the Company against any loss incurred by it.

- g. If any additional Related Party Transaction is to be entered by the Company post omnibus approval granted by the Audit Committee, then the Company shall present such transaction before the Audit Committee in its next meeting for its prior approval.
- h. The Audit Committee shall also review the statement of significant related party transactions submitted by management as per its terms of reference.
- i. Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

- j. To review proposed RPTs placed before the Committee for approval along with the information in the format specified in the ISN.
- k. The Audit Committee shall recommend the Related Party Transactions for approval of Board of Directors / Shareholders, as per terms of this Policy.

#### **APPROVAL OF THE BOARD AND THE SHAREHOLDERS**

- l. All Related Party Transactions which are not in the ordinary course of business or not at the arm's length price shall require prior approval of the Board of Directors of the Company. Where any director is interested in any Related Party Transaction, such director will abstain from discussion and voting on the subject matter of the resolution relating to such RPT.

Further, all related party transactions which are exceeding threshold limits prescribed in section 188 of the Act as amended from time to time shall also require **prior approval of shareholders** of the Company by **Ordinary Resolution** and all entities falling under the definition of Related Parties shall not vote to approve the relevant transaction, irrespective of whether the entity is a party to the particular transaction or not.

Further, the information as prescribed under Act and/or the SEBI LODR, from time to time shall be provided in the Notice to the shareholders for consideration of RPTs.

- m. All the Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the Board and shareholders through Ordinary Resolution and no Related Party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that prior approval of shareholders of the Company shall not be required for RPTs where listed subsidiary is a party but the Company is not a party, if Regulation 23 and 15(2) of SEBI LODR are applicable to such listed subsidiary.

Provided further that the aforesaid requirements shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Provided further that the Related Party Transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval, shall not require approval of the audit committee, board or shareholders.

Provided further that the provisions pertaining to:

- Prior approval of the Audit Committee for all RPTs;
- Omnibus approval for RPTs; and
- Prior approval of audit committee, board or shareholders for Material Related Party Transactions and subsequent Material Modifications

shall not be applicable when the transactions are entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

**6. TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL**

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 including following:

- a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b) the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - payment of dividend;
  - subdivision or consolidation of securities;
  - issuance of securities by way of a rights issue or a bonus issue; and
  - buy-back of securities.
- c) retail purchases from the Company or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.
- d) The remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group provided that the same is not material in terms of the provisions of Regulation 23(1) of SEBI LODR.

**7. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Audit Committee. The Audit Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification (subject to terms of this Policy), revision or termination of the Related Party Transaction. The Audit

Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

**8. DISCLOSURES**

- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

The Company shall submit information related to RPTs to the stock exchanges every six months, in the format specified by the SEBI LODR, simultaneously with the publication of financials and also publish the same on its website.

Provided that the remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure provided that the same is not material in terms of the provisions of sub-regulation (1) of SEBI LODR.

***The Company shall disclose policy on dealing with Related Party Transactions on its website and also in the Annual Report.***

- RPTs shall be disclosed in Annual Report, as per applicable provisions of Act and SEBI LODR.
- The Company shall also get the Related Party Transactions reviewed by independent third party (preferably one of the top 6 audit firms or any other chartered accountant firm as may be approved by Audit Committee) on a quarterly basis and obtain a certificate that the Related Party Transactions are in ordinary course of business & undertaken at Arms' length and such certificate shall be placed before the Audit Committee on quarterly basis.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

**9. POLICY REVIEW**

This policy is framed based on the provisions of Act, and rules thereunder and the requirements of the SEBI LODR.

In case of any subsequent changes in the provisions of Act and SEBI LODR or any other regulations ("the Regulations") which makes any of the provisions in the policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the policy would be modified in due course to make it consistent with the Regulations.

The 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 Regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors. Provided that this Policy shall be reviewed by the Board at least once every three years and updated accordingly.

**10. AMENDMENTS**

Any change in the Policy shall be approved by the Board. The Board shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment / modification in the Act or the SEBI Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.