



**KELLTON TECH SOLUTIONS LIMITED.**

## **INTRODUCTION**

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This Policy deals with the Materiality of Related Party Transactions (RPTs) and dealing with the Related Party Transactions in terms of the Regulation 23 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations) and the Companies Act, 2013.

## **DEFINITIONS**

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**“Audit Committee or Committee”** means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of the Companies Act 2013 and the Regulations.

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

**“Company”** means Kellton Tech Solutions Limited.

**“Control”** – shall have the same meaning as defined under Companies Act 2013, relevant accounting standards and in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

**“Independent Director”** means a director of the Company, as appointed in terms of Section 149 of the Companies Act 2013 and who also qualifies as Independent Director in terms of the Regulations.

**“Key Managerial Personnel”** in relation to a company, means—

- The Chief Executive Officer or the Managing Director or the Manager;
- The Company Secretary;
- The Whole-time Director;
- The Chief Financial Officer;
- 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;
- Such other officer of the Company as may be prescribed by the Ministry of Corporate Affairs (MCA) from time to time.

**“Material Related Party Transaction”** shall have the same meaning as specified under the relevant provision of the Companies Act 2013 and SEBI Listing Regulations.



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**“Related Party”** Shall have the same means as specified under Companies Act 2013 & Rules made thereunder, Accounting Standard and the SEBI Listing Regulations and amendments made thereunder from time to time.

**“Relative”**, Shall have the same means as specified under Companies Act 2013 & Rules made thereunder, and the SEBI Listing Regulations and amendments made thereunder from time to time.

**“Related Party Transactions”** – The term Related Party Transaction is defined under Companies Act 2013 and under SEBI Listing Regulation as well therefore for the purpose of identification of any transaction in which company is a party, whether it is a related party transaction or not, the same shall be construed accordingly.

### **DEALING WITH RELATED PARTY TRANSACTIONS**

#### **1. APPROVAL BY AUDIT COMMITTEE**

All Related Party Transactions (RPTs) (including any subsequent modifications thereof) shall require prior approval of the Audit Committee of Directors.

##### **i. Scope of Review of Related Party Transactions by Audit Committee:**

As per the SEBI Listing Regulations, w.e.f. **April 01, 2022**, all related Party Transactions[and subsequent material modifications] shall require prior approval of the Audit Committee.

**Material Modification**’ in any approved Related Party Transaction shall mean any deviation of 25% or more in any of the condition of the Related Party Transactions which have been pre-approved by the Audit Committee of the Company.

The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

ii. The Audit Committee of Directors may grant **‘Omnibus Approval’** for the RPTs proposed to be entered into by the Company after complying with the specified conditions under companies Act 2013 and under SEBI Listing Regulation.

#### **2. Approval by Board of Directors**

Except with the consent of the Board of Directors given **by a Resolution at a meeting of the Board**, The Company shall not enter into any contract or arrangement with a related party with respect to—



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- Sale, purchase or supply of any goods or materials;
- Selling or otherwise disposing of, or buying, property of any kind;
- Leasing of property of any kind;
- Availing or rendering of any services;
- Appointment of any agent for purchase or sale of goods, materials, services or property;
- Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- Underwriting the subscription of any securities or derivatives thereof, of the company:

**Provided** that nothing of the above shall apply to any transactions entered into by The Company in its ordinary course of business other than transactions which are not on an arm's length basis.

The expression "**arm's length transaction**" means a transaction between two related parties conducted as if they were unrelated, so there is no conflict of interest.

**3. Approval by Shareholders**

- Except with the approval of the company by a special/ordinary resolution, as may be specified from time to time under the Companies Act, 2013 or SEBI Listing Regulations, 2015. The Company shall not enter into a transaction(s) with the Related Party, where the transaction(s) to be entered into:
  - (a) as contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188 of the Companies Act 2013, with criteria as mentioned below -
    - Sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
    - Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to 10% or more of net worth of the company, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
    - leasing of property of any kind amounting to 10% or more of the net worth of the company or 10% or more of turnover of the company, as mentioned in clause of sub-section (1) of section 188;
    - availing or rendering of any services, directly or through appointment of agent, amounting to 10% or more of the turnover of the company, as mentioned in clause and clause (e) respectively of sub-section (1) of section 188:



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**Explanation:**

The Turnover or Net Worth referred above shall be computed on the basis of the Audited Financial Statement of the preceding financial year.

In case of a wholly owned subsidiary, the special / ordinary resolution, as the case may be passed by the Company shall be sufficient for the purpose of entering into the transactions between the wholly owned subsidiary and Company.

- Further, as per SEBI Listing Regulations, w.e.f. **April 01, 2022**, a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rupees One thousand crore or ten per cent of the annual consolidated turnover of The Company as per the last audited financial statements of the listed entity, whichever is lower.
- All Material Related Party Transactions and subsequent 'Material Modifications' as defined above shall require prior approval of the shareholders through ordinary / special resolution (as may be applicable from time to time) and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not
- All the related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.
- **Following Information shall be provided to shareholders for consideration of agenda on Related Party Transactions as under:**

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- A summary of the information provided by the management of The Company to the Audit Committee;
- Justification for why the proposed transaction is in the interest of The Company;
- A statement that the valuation or other external report, if any, relied upon by The Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- Any other information that may be relevant.



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### Exemption:

Approval of Board and Shareholder's, will not be applicable in the following cases:

- Transactions entered into between 2 Government Companies.
- 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.

Approval of Audit Committee will not be required in the following case:

Transactions between a Holding Company and its Wholly Owned Subsidiary.

### IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

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- i. Each Director and Key Managerial Personnel shall be responsible for giving notice to the Company about any potential RPTs, where he/she may be interested.
- ii. In case of any potential RPTs which is being proposed to be entered (including any proposed modifications) by The Company with its Subsidiaries / Associated/ Joint Ventures, the Head of the Subsidiaries and Associates Department shall be responsible to intimate details of such potential RPTs for seeking approval of the Audit Committee of Directors.

### Disclosure Requirements

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#### a) DISCLOSURE BY BOARD OF DIRECTORS, KMP AND SENIOR MANAGEMENT

- Every **Director** shall at the first Meeting of the Board in which he participates as a Director and thereafter at the first Meeting of the Board in every Financial Year or whenever there is any change in the disclosures already made, then at the first Board Meeting held after such change, disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding.
- Every **KMP** shall disclose to the Board of Directors, whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting The Company.
- Every **Member of Senior Management** shall make disclosures to the Board of Directors relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the listed entity at large.



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**Explanation- For the purpose of above:**

**“Conflict of Interest”** relates to dealing in the shares of listed entity, commercial dealings with bodies, which have shareholding of management and their relatives etc.

**“Senior Management”** shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the executive directors, including all functional heads.

**b) Disclosure in Corporate Governance Report**

Details of all Material Transactions with Related Parties shall be disclosed quarterly along with the compliance report on Corporate Governance to be submitted to the

Stock Exchanges where the securities of The Company are listed.

**c) Disclosure on Website of The Company**

The Company shall disclose the Policy on dealing with Related Party Transactions on its website and a web-link shall be provided in the Annual Report of The Company.

**d) Disclosure in Board’s Report**

Every contract or arrangement entered into by The Company requiring Board’s and Company’s approval shall be referred to in the Board’s report to the shareholders along with the justification for entering into such contract or arrangement.

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