

KALPA COMMERCIAL LIMITED

**Materiality of Related Party Transactions
And
Dealing with Related Party Transactions**

1. PREAMBLE

The Board of Directors (the “Board”) of Kalpa Commercial Limited (the “Company” or “KCL”), acting upon the recommendation of its Audit Committee of Directors (Committee”), has adopted the following policy and procedures with regard to Related Party Transactions for reviewing, approving and ratifying Related Party transactions by the Audit Committee and in providing disclosures with respect to the above transactions, as required under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and other applicable provisions, rules and regulations made thereunder.

This policy will be applicable to the Company (in compliance with the requirements of the Companies Act, 2013 and Rules made thereunder, in terms of Ind AS – 24 issued by the ICAI (Institute of Chartered Accountants of India) and any subsequent amendments thereto), in terms of Regulation 23 of Securities and Exchange Board of India (Listing Obligations and disclosure Requirements) Regulations, 2015 and any subsequent amendments thereto, and other applicable SEBI Regulations etc., undertaken by the Company directly, if any).

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

2. POLICY OBJECTIVE

The Objective of this Policy is to ensure the proper approval and reporting of transactions between the Company and its Related Parties and to bring uniform practices relating to Related Party Transactions covering the process, methodology, arm’s length pricing, approval mechanism, disclosures and compliance with the provisions of the Companies Act 2013 and rules framed thereunder, Listing Regulations and Accounting Standards. Hence the Company seeks to formulate a robust Policy on Related Party Transactions to deal with the identification, review and approval of Related Party Transactions.

This Policy is applicable to all Related Party Transactions entered by the Company as per the Companies Act, 2013 and the Listing Regulations.

3. APPLICABILITY

This policy shall come into force with effect from the date of its approval from the Board and shall be applicable to transactions made between the Company and its related parties wherein “Related Party” shall means a person or entity that is related to the Company i.e.,:-

- a) Board of Directors & their Relatives;
- b) Key Managerial Personnel (KMP) of the Company & their Relatives; and
- c) Related Parties, as defined hereinafter.

“Related Party Transactions” shall mean as defined hereinafter.

4. DEFINITION

The following expressions hereinafter wherever used shall have the meanings ascribed against each.

- (a) **“Arm’s Length Basis”**: RPT will be treated to be on ‘Arm’s Length Basis’ if the key terms, taken as a whole, are comparable with those of similar transactions if they would have been undertaken with non-related parties.
- (b) **“Audit Committee”** means the Audit Committee of the Company constituted by the Board of Directors under Section 177 of the Companies Act 2013 read with Regulation 18 of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015.
- (c) **“Board”** means Board of Directors of the Company.
- (d) **“Company”** means Kalpa Commercial Limited.
- (e) **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and as per Companies Act, 2013.
- (f) **“Key Managerial Personnel”**: As defined under the provisions of the Companies Act, 2013 and any other applicable Act, Rules, Regulations and Accounting Standards, as may be amended from time to time.
- (g) **“Material Related Party Transaction”** means a transaction with a related party shall be considered material if the transaction/ transactions 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 of the company.
- (h) **“Ordinary Course of Business”**: RPT will be considered in ordinary course if they are entered into in the normal course of the business pursuant to or for promoting or in furtherance of Company’s business objectives, as per the charter documents of the Company.
- (i) **“Policy”** means Related Party Transaction Policy.

(j) **“Relative”** - As per the provisions of Section 2(77) of the Companies Act, 2013 means-

(i) They are members of a Hindu Undivided Family;

(ii) They are husband and wife; or

(iii) One person is related to the other as under:

a) Father

g) Son's Wife

b) Step Father

h) Daughter

c) Mother

i) Daughter's Husband

d) Step Mother

j) Brother

e) Son

k) Step Brother

f) Step Son

l) Step Sister

(k) **“Related Party”** :

a) As per Listing Regulations:

Related Party means a person or an entity:

i) which is a related party under section 2(76) of the Companies Act, 2013; or

ii) which is a related party under the applicable accounting standards.

b) As per the Companies Act, 2013:

Related Party under section 2(76) of the Companies Act, 2013 and rules made thereunder, as may be amended from time to time.

c) As per any other Act, Rules, Laws, Regulations and Accounting Standards:

A Related Party shall have the same meaning as defined therein.

(l) **“Related Party Transaction (RPT)”**: A Related Party Transaction is a transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged. A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.

(m) **Materiality**: The materiality of any RPT will be ascertained as per the thresholds prescribed under the Listing Regulations.

5. POLICY

All Related Party Transactions, entered after implementation of this policy, must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

a) The RPTs should be in conformity with the prevailing rules and regulations prescribed by law.

- b) All RPTs shall be placed before the Audit Committee for prior approval of the Audit Committee, as required under the provisions of the Act and the Listing Regulation.

“Any member of the Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction”.

- c) Subject to the conditions as mentioned in the Listing Regulations, the Audit Committee may grant omnibus approval at its first meeting in every financial year for RPTs which are repetitive in nature and proposed to be entered, provided that such approval shall remain valid for a period not exceeding one year, during which period the commercial terms of approved RPTs may change, provided that arm’s length criterion shall be ensured at the time of each such change. Further, where the need for RPTs cannot be foreseen and requisite details are not available, the Audit Committee may grant omnibus approval for such transactions provided that the value of each such transaction shall not exceed Rs. 1 crore.

“The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given”.

- d) The Audit Committee or the Board shall, in respect of the RPTs covered under Section 188 of the Companies Act, 2013 referred to them for approval, shall after considering the materials placed before them, shall judge if the transaction is the ordinary course of business or at arm’s length basis. In case the Audit Committee is not able to arrive at such a decision, the same shall be referred to the Board, which shall decide if the transaction is the ordinary course of business or at arm’s length basis.
- e) The Audit Committee shall report all “Material Related Party Transactions” to the Board of Directors. Material Related Party Transactions means transactions exceeding 10% of the annual consolidated turnover as per latest audited financial statements of the company.

Notwithstanding, the RPT 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 5% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

“The Company will also seek approval for “material related party transactions” from unrelated shareholders’ in the subsequent general meeting of the year in which the related party

transaction is undertaken.”

- f) All RPTs specified in the Act which are not Ordinary Course of Business of the Company or not at Arm’s Length Basis; and exceed the thresholds laid down in Companies (Meeting of Board and its Power) Rules, 2014 shall be placed before the shareholders for its approval and the Related Parties interested in the contract/ arrangement shall abstain from voting on such resolution.
- g) Subject to the applicable laws, the Audit Committee shall have the power to ratify, revise or terminate the RPTs, which are not in accordance with this Policy.
- h) Any transaction that is specifically excluded from applicability of the related party provisions under the Act and / or Listing Regulations shall not require a separate approval under this policy.

The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

6. REPORTING REQUIREMENTS

The Company shall place policy on Related Party Transactions on its website.

Disclosure will be made in the Company’s Annual Report of the particulars of the contract and arrangement along with the justification for entering into such contracts / arrangements with the Related-parties as part of Directors’ Report. Form AOC 2 prescribes the manner in which disclosure is to be made in the Director’s Report and in Financial Statements – ‘Notes to the Accounts’ and as per applicable Accounting Standards.

The Company shall also submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges will also disclose the details of all material related party on a quarterly basis along with the compliance report on corporate governance filed with the stock exchanges as per LODR.

7. NOTICE TO THE READER

This policy is framed based on the provisions of the Companies Act 2013 and rules thereunder and the requirements of the LODR.

In case of any subsequent changes in the provisions of the Companies Act 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Audit Committee and the Board of Directors as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Board. Any changes or modification on the policy would be approved by the Audit Committee and the Board of Directors.

8. POLICY AMENDMENT AUTHORITY

Key owners responsible for Policy amendments

Policy Owners	Role
Board of Directors	Responsible for implementation of Policy and reviewed at least once in every three years
Company Secretary	Responsible for ensuring the policy is updated

9. POLICY AUTHORISATION

This Policy has been approved by the Board of Directors of Kalpa Commercial Limited (“KCL”) on 27.08.2021.

For KALPA COMMERCIAL LIMITED

**MUKUL JINDAL
DIRECTOR
(DIN- 07229720)**